

JUNE 15, 1987

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# TIME

**AIDS**  
Debates and  
Protests

## The New Mr. Dollar

Fed Nominee  
Alan Greenspan



24

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"Come to think of it, I'll have a Heineken...  
and so will my friends."



## COVER: Fed Nominee Alan Greenspan 46 faces tough challenges at home and abroad

Nervousness swept through world financial markets as President Reagan announced Paul Volcker was stepping down as Federal Reserve Board chairman. For eight years, the central banker has literally and figuratively towered over his peers. His soft-spoken successor will face increasing political pressure as the 1988 presidential election draws near. See **ECONOMY & BUSINESS**.



## WORLD: Moscow plays power politics in 30 the wake of the daring flight into Red Square

The new leadership in the Defense Ministry could assume a vital role in Mikhail Gorbachev's campaign of *perestroika* (economic restructuring). ▶ With West Germany's endorsement of the "double-zero" nuclear option, attention turns to the balance of conventional forces in Europe. ▶ Britain winds up a slick, "Americanized" election campaign. ▶ South Korea's Chun chooses his successor.



## MEDICINE: Amid debate and protest, the 56 Administration launches its AIDS program

Even as President Reagan urged "routine" screening of immigrants and marriage-license applicants, experts argued over how best to combat the disease. In Washington and around the world, governments are reacting to a possible pandemic with programs—and politics. Sadly, no immediate hope of a cure or vaccine emerged from the third International Conference on AIDS.



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#### Nation

Not yet cities but no longer suburbs, megacounties are where the action is. ▶ Mystery Man Hakim talks about \$200,000 for North.

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Saul Bellow's *More Die of Heartbreak* finds comedy in the torments of the hypereducated man. ▶ Bill Buckley sets sail again.

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Bargain hunters are heading south of the border for surprisingly good medical care. ▶ Does blood doping work for jocks?

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Steve Martin plays Cy-rano in the sappy, entertaining *Roxanne*. ▶ Bigfoot bumbles; Coppola stumbles; *Stepfather* rumbles.

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Broadway prepares to celebrate as George Abbott, the theater's grandest, oldest man, turns 100—yes, 100—still directing plays.

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For its 750th birthday, Berlin spends \$1.5 billion to create the most ambitious showcase of world architecture in this generation.

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What do the Windsors have to commend them? Nothing, perhaps, save symbolism, humanity and a gift for blending the two.

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#### Cover:

Photograph by Ted Thai

# HOW GM IS TAKING THE LEAD IN QUALITY

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## A Letter from the Publisher

President Reagan's choice of Alan Greenspan to replace Paul Volcker as chairman of the Federal Reserve Board inspired immediate interest among TIME's journalists. "It took only a short time to decide that Greenspan should be on the cover," says Economy & Business Senior Editor Charles Alexander. "He is one of the most analytical and perceptive economists around, a creative thinker brimming over with ideas. Once we'd chosen him, we immediately sent messages to both our domestic and foreign news bureaus asking that they start analyzing the move."

Greenspan's good fortune, however, created a small problem. With his new job, the Fed chairman will step down from TIME's Board of Economists, where he has served for 14 years. The task of searching for new members of the board, which is carefully chosen to represent diverse economic and political viewpoints, has become something of a regular activity during the past decade. Since the board was founded in 1969 to swap views on economic trends with TIME's editors, four members—Greenspan, Murray Weidenbaum, Martin Feldstein and Beryl Sprinkel—have left to serve as chairman of the Council of Economic Advisers. Jokes Alexander: "We're running out of econo-



Schultz, Heller and Greenspan at Board of Economists meeting

mists to give to our country." Three other board members—Walter Heller, Arthur Okun and Charles Schultz—served as chairman before joining the TIME group.

Greenspan, who was President Gerald Ford's chief economic adviser from 1974 to 1977, is the first member of the TIME board to be named Federal Reserve Board chairman. He will be remembered for his dry wit—and one curious habit.

Because of a sometimes bad back, he was occasionally prompted to stand while addressing fellow members, then to stretch out flat on his back on the meeting-room floor while others spoke. Most important, of course, Greenspan was esteemed for his sound economic judgment. "The views he shared with us were reflected in the stories we wrote about the board meetings," says Executive Editor Edward L. Jamieson. "But we also shared in many behind-the-scenes exchanges that revealed his shrewdness and energy. We'll be watching carefully for signs of both in his new job."

*Robert L. Miller*

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## Letters

### Rules of Conduct

To the Editors:

If we are disturbed by the moral malaise in the U.S. [ETHICS, May 25], perhaps we should check American attitudes to find the root of the problem. The American dream of the "good life," a label for our unchecked individualism, has led us to a state where opportunities have become rights and rights have become untouchable. Religion and morality are maintained not as guideposts of conduct but as props to make us look as if we were the good folks.

Mark Franceschini  
Westminster, Colo.



I do not believe it is immoral to rip off the Ayatullah and send the profits to the *contras* so that the U.S.S.R. does not have a Communist base in North America. If readers were to believe every word TIME published, they would think President Reagan was responsible for each scandal that happened. The next time you write about the President and his ethics, remember what this country was like when he took office.

David James  
Irvine, Calif.

People are not becoming more evil but more perfect. The events and behavior you cite as evidence of questionable ethics simply reflect the fact that we have increased our awareness of evil through the technology of instant global communications. Any public lapse of morals is now known instantly and responded to with outrage and a demand for perfection. To me, this represents an improvement in our situation.

David Crane  
Wheaton, Ill.

You did not mention that being honest has come back into style. Unethical behavior is less tolerated today than in previous times; hence many dubious activities that were once ignored are at last being confronted and corrected. Self-in-

dulgence is not unique to the national character of Americans, as you imply. It is a characteristic found in all people.

Tom Fisher  
Homerville, Ohio

After Nicaragua appeared before the World Court and charged the U.S. with mining its harbors, the Reagan Administration refused to accept the court's order to desist. Considering the atmosphere created by the Government, should we be surprised with the ethics of those in the Administration who have gone astray?

James H. Arvanites  
Watertown, N.Y.

Your article "Morality Among the Supply-Siders" is a misnomer. The word supply-side pertains to economics and the economics of incentives. There was not one economist—let alone a supply-side economist—listed in your rogues' gallery. Why you chose to besmirch the name supply-side in this totally inappropriate context is beyond me.

Arthur B. Laffer  
Lomita, Calif.

I could not agree with you more that ethics and morals have hit a new low. Every part of society seems to have been tarnished. Scandals in religion, the military, corporations and, of course, the government. Drugs everywhere. But when was the last time a case of corruption or drug abuse was reported concerning the media? Keep up the pompous work.

Jeffrey Luke Brown  
Albuquerque

When the White House fosters the violation of our laws, when a TV minister makes a mockery of the teachings of Christ, I do not see how our President can then refer to the Soviet Union as a godless nation. What corner of hell is being reserved for us?

George H. Henning  
Roanoke, Va.

### Barbie's Crimes

Klaus Barbie's trial [WORLD, May 25] is an affront to the memories of the millions who perished at the hands of the Nazis. His contemptuous refusal to face the people he tortured makes a mockery of the dignified treatment and justice now being given him. After all, how many of the Nazis' victims were tried as humanely as Barbie?

Alnoor Latha  
Nairobi, Kenya

I do not agree with the comment made by former French Health Minister Simone Veil [May 18] that equating Barbie's crimes against the French Underground with his other crimes "is the banalization of everything that happened." An atrocity is an atrocity, whether it is the sending of innocent people to death camps or the

torture-murder of Jean Moulin, the French Resistance fighter. The lives lost in the death camps should not be elevated to a status above that of Moulin and others murdered by the Nazis. Recognizing Barbie's responsibility for non-Holocaust atrocities in no way trivializes the role he played in the Holocaust.

Timothy J. Sugrue  
Branford, Conn.

I am a French citizen and the son of a Resistance fighter. I was appalled to read that there is concern about grouping the Jewish victims together with the Resistance fighters. Barbie killed, tortured and deported many non-Jewish French in the same cruel, inhuman manner as he did the Jews.

Emmanuel Tissot  
Charlotte, Vt.

### Mistaken Identity

Congratulations on the article about Dr. Stephen Breuning's faking scientific data [MEDICINE, June 1]. Too often this topic is not discussed in research and academic circles. Unfortunately, there is a major error in your story. A photograph of Dr. C. Thomas Gualtieri, a child psychiatrist at the University of North Carolina School of Medicine, was mistakenly included and labeled "Breuning."

Robert L. Sprague, Professor  
University of Illinois  
at Urbana-Champaign  
Champaign, Ill.

TIME regrets the error and apologizes to Dr. Gualtieri.

### For the Birds

That was a splendid article on birding [LIVING, May 25], even though you placed too much emphasis on the need to travel to pursue the hunt. Birding is a sport for the poor as well as the rich, the young and the old, the healthy and the infirm, and can be enjoyed in both city and country. There is no other activity that can compare with it.

Dorothy N. Wagner  
Cumberland, Me.

Last year, after seeing two birds I could not identify (a great blue heron and a yellow warbler), I went out and purchased *A Field Guide to Birds*. Since then I have been spending all my weekends birding. My social life has become a shambles, my budget is monopolized by the sport, and my mother no longer wants to drive with me because I continually watch for birds instead of keeping my eyes on the road.

Debe Becker  
New York City

The article on the surge of interest in birding included the observation by Ornithologist Paul Sykes that "the bird can also leave just before you get there." As all

birders come to know, there is a corollary to this that says, "After sighting a particular species you have chased for years, three of them will perch on the hood of your car as you start for home."

Carl Perretta  
Wallingford, Pa.

#### Fairness to Leathernecks

The former service members who protested your cover showing a Marine with a blackened eye [LETTERS, May 11] wrote harsh words without giving any real thought to what they were saying. The illustration depicted a Marine with merely a black eye. And certainly the Marine Corps has suffered a black eye. As a veteran of four of the five services and as a retired minister of the gospel (which also has received a black eye from some TV evangelists), I felt the picture was quite appropriate to the incident.

E. Russell Cummings  
Indiana, Pa.

#### Bernstein's Biography

In the review of Leonard Bernstein's unflattering biography [MUSIC, May 18], Michael Walsh's dismissal of Lenny as a musical self-parody is absurd. The excellent Vienna Beethoven cycle, along with Bernstein's first-rate Schumann, Haydn and Mahler, is testimony to Walsh's aesthetic silliness. Although several of Bernstein's recent compositions have been less than successful, that situation does not constitute proof of Bernstein's artistic irrelevance. Babe Ruth struck out more times than most hitters, yet his niche in the Baseball Hall of Fame in Cooperstown, N.Y., remains secure. Whatever his personal flaws, Bernstein is a powerful, worthwhile musical presence.

Philip Greenfield  
Annapolis

Among Bernstein's accomplishments is his greatness as a teacher. Anyone who watches a tape of one of his children's concerts will never again have to ask what makes a great teacher.

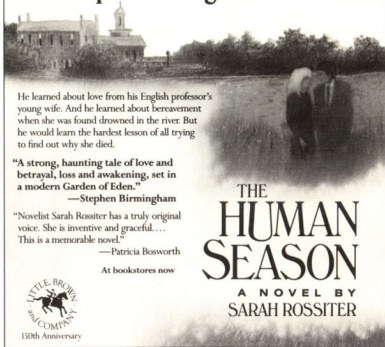
Richard F. Gregory  
Pittsburgh

We are too close in time to assess Bernstein's compositions accurately. His music's eclecticism and its peculiarly American-sounding angst are qualities that have endeared Bernstein to his listening public and alienated him from his critics. It is sufficient to say that Bernstein, along with Aaron Copland, is the most performed contemporary American composer.

Roger Kaza  
St. Louis Symphony Orchestra  
St. Louis

LETTERS TO THE EDITOR should be addressed to TIME, Time & Life Building, Rockefeller Center, New York, N.Y. 10020, and should include the writer's full name, address and home telephone. Letters may be edited for purposes of clarity or space.

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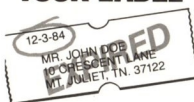


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## American Scene

# In North Dakota: The Town That Wouldn't Die

This from the *Fargo Forum and Daily Republic*, Tuesday evening, Dec. 9, 1913:

"The village of Havana is located in the southern part of Sargent County, one mile from the South Dakota line and 50 miles from the Minnesota on the Aberdeen branch of the Great Northern.

"Previous to 1887, the village was known as Weber.

"Since then the town has had a steady growth and now has three large general stores, one bank, high school, drugstore, hardware, harness and furniture stores, millinery store, meat market, two hotels, restaurant, two farm implement houses, photograph gallery, undertaker, opera house and lodge hall, telephone exchange, two poolrooms, barbershop, two livery barns, one auto livery, blacksmith and machine shop, newspaper, three elevators, lumberyard and three coal yards, feed mill, creamery and flour mill and two day lines.

"There are churches of the Congregational, Catholic and Methodist denominations. The German Lutherans also hold services in the Methodist church.

"The village of Havana was incorporated in the spring of 1904 and now boasts of a population of about 450."

Well, things change. The last time anybody looked, they counted 148 heads in Havana. The three large general stores are gone, and so is the bank, the high school, the drugstore and practically everything else. The Catholics and Methodists no longer have a church, but the Congregationalists and the Lutherans have hung on. Two years ago the restaurant, the Havana Cafe, went belly-up. For a while there the farmers shifted to the Standard Oil station down by the railroad—now the Burlington Northern rather than the Great—for morning coffee, but it got so crowded you couldn't curse a cat without getting a hair in your mouth, and finally somebody had to put their foot down. A town is not a town without a cafe, the farmers decided. Further, they decided to open their own.

The Farmers' Inn, run by farm families, is in the black and riding high. "Hey, you don't know how miserable it was," Jack Brummond, chairman of the board of directors, was explaining the other day. Out-



Doris and Murdean Gulsvig putting in their chefs' shifts at the Farmers' Inn

side, the wind came off the prairie hard enough to knock you flat, and in the park at the foot of Main Street the Dr Pepper scoreboard by the girls' slow-pitch softball diamond was threatening to leave the state. "This is the social crux of our community. If we don't have this, we live in total segregation. The only other place we have to see people is church."

Just then a farmer came in and poured himself coffee. "Windy where you been?" a coffee sipper asked. "It took off my hat, and that's the last I see it," the newcomer said.

"I didn't think a restaurant would go when it first started," Daryl Bergh said and then dug into his eggs. "They started in that old one, the Havana Cafe. The building was falling apart. There was nothing left of it. You had to shim up the

table to keep your coffee cup from sliding off."

"Our biggest day was our grand opening," said Murdean Gulsvig, the cook this day, along with his wife Doris. Opening day was Feb. 1, 1986. They served 134 people in their new \$34,000 building. Last year they took in \$51,000, about \$11,000 of that a clear profit. Today they owe only about \$5,000 on their mortgage. "We're a nonprofit organization," volunteered Walter Barbknecht, who owns a striking resemblance to Mortimer Snerd. "When we're making money and not owing money, it has to be spent in the community. The park needs some equipment. And we

just voted \$1,000 to a feller that had a heart-bypass operation."

The mayor, Orville Bergh, Daryl's father, came in and took no credit, saying, "They got all this organized while I was up in Milwaukee. Not bad for a little jerk-water town like this." Mayor for six years, he said he had been mayor for too long. "They complain about everything." He is paid \$15 every time the town council meets. His Norwegian father was born in a sod shanty in 1883. His proudest bureaucratic achievement is a \$6,000, 500-ft. concrete sidewalk that runs alongside Main Street, which is dirt. "That boy is mine too," said the mayor, pointing to another son, David, a trencherman about the size of a post office.

At his table, David Bergh was explaining. "A 90-mile-an-hour fastball takes .44 seconds to reach home plate."

"How do you figure?"

"Well, we're out talking one day how long it would take, so you've got to take 5,280 feet times 90 miles an hour, which is 475,200 feet in one hour, which is 3,600 seconds that you've got to divide by, which gives you 132 feet per second, but since it's about 55 feet from where the ball is released to the plate, you've got to divide again, and that gives you .44 seconds, assuming the ball drops three feet because of gravity."

"I see."

"You think that's something, think about this," David went on. "The federal budget is a trillion dollars. The day Christ was born, if you had a trillion dollars and you spent a million dollars a day, that money would run out November 2704. I got



Freda McLaughlin: "Our automatic dishwasher is me"

the figure written down somewhere."  
"Mercy."

About here Walter Barbknecht, seeing that a visitor's head was spinning, offered a tour of town. "Orville's real proud of this sidewalk," the tour began, then abruptly turned conspiratorially candid. "The restaurant inspector is giving us a bad time. They want us to make the doors to the restrooms bigger, for the handicapped. And shields over the lights. Tiddly things. They don't want fluorescent bulbs to break over the food. We did our own plumbing and wiring, just volunteers. We have a good plumber, but he doesn't have a license, so they're hacking on that. If this place ever goes under, it won't be from lack of business. It'll be from lack of peace and harmony."

"Then of course we've had a flap or two. The gouging, for one. Say your wife is cooking. It means you get to eat free. But we had 'em bringing the whole family in here for breakfast and dinner. Oh, we had a big flap over that one."

In less than a minute Barbknecht ticked off all the dirty linen. Then he moved over to the positive side of the ledger. Havana, it turns out, is a town that just won't die. Farmers are in terrible straits, as everyone knows, but Havana's farmers keep on plugging. This week they were sowing barley and wheat. More important, every other ounce of energy was directed toward keeping Havana on its feet. They had formed a development corporation that had, among other things, brought in a grocery store by providing attractive incentives, like free space. "You want to open a small business, we'll help you get started," said Walter.

"We're just an old retired town," he went on, "but we do have some kids. I mean you got your Berghs at that big table back there in the café; their reproductive rate is quite something."

Back in the restaurant, a no-nonsense 32-ft. by 56-ft. steel building, David Bergh was saying, "The only good Republican is a dead Republican."

Doris and Murdean Gulsvig were dishing out the special, Swiss steak—\$3.10, not including beverage. The Gulsvigs man the kitchen three or four days a month, as do the other volunteers. The café is open Monday through Saturday, serving breakfast and lunch only. When their labors are done, Murdean was saying of Doris, "she goes home exhausted and lays on the davenport, and maybe fixes me some soup and goes to sleep. I mean it's a lot of work."

Not that it isn't appreciated. People have been known to wash their own dishes. Most everyone makes change at the cash register, paying the bill unassisted, unobserved, as the café talk rolls on in a relaxed, little-village-stuck-in-time way:

"Hey, what kind of bird can't fly?"

"A jailbird."

Walter Barbknecht bursts from his seat, saying, "I got to go tell Carlton the grocer that one."

—By Gregory Jaynes

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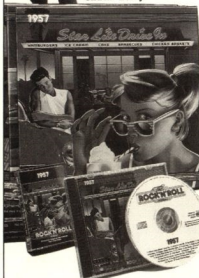
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TIME/JUNE 15, 1987

# The Boom Towns

*No longer suburbs, not quite cities: welcome to megacounties*

Insurance Underwriter Joann Murphy moved to Oak Brook, Ill., 25 years ago "for the quiet and the country." But now her home in Du Page County is bracketed by office buildings and a huge shopping mall. A 31-story tower obliterates the view of trees and grass from her windows; its construction, still in progress, has sent clouds of dust and bursts of noise into her home. Laments Murphy: "This is like living in downtown Chicago."

Well, not exactly. If Du Page and dozens of other fast-growing counties all over the U.S. are beginning to look like spread-out cities, most of their residents can still loll in a hammock in a spacious backyard on a late-spring evening. But these counties are hardly suburbs anymore, at least in the traditional sense of being bedroom communities for nearby cities. Not only jobs but also gourmet restaurants and chic stores are close at hand. As a result, people like Engineer Daniel Nee, a resident of Gwinnett County, Ga., 18 miles from

Atlanta, commonly go six months or more without feeling any necessity to take their families downtown.

What are these places then? They are a form of urban organization—or, sometimes, disorganization—so new that demographers have not yet coined an accepted name for them. But outside almost every major American city, one or more counties are developing the characteristics of Du Page or Gwinnett or Fairfax County, Va., across the Potomac from Washington, or Orange County, between Los Angeles and San Diego, or Johnson County, Kans., next to Kansas City. These sprawling, increasingly dense suburbs might be called megacounties.

Nowadays they are where the growth is—in population, construction, jobs, incomes. Gwinnett County's population has almost quadrupled, from 72,300 in 1970 to 250,000 today; since 1984 it has been the fastest-growing county in the nation. Oakland County, near Detroit, has got 40% of

all jobs created in Michigan since the 1982 recession. Tysons Corner, an unincorporated area of Fairfax County 13 miles from Washington, was once a sleepy crossroads with little more than a gas station; today it contains more office space than either Baltimore or downtown Miami. The Corporate Woods office complex in Overland Park, Kans., boasts 275 businesses and 5,000 jobs; built on 300 acres, it has room for more. "Corporate Woods is the fastest-growing commercial area in either state, Kansas or Missouri," says Planning Consultant Myles Schachter.

It is less sheer growth than the type of growth, however, that has given the megacounties their distinguishing mark of self-sufficiency. The first great wave of American suburbanization that began right after World War II was a migration of the middle class from the cities to newly created bedroom communities. But for the past dozen years or so, that movement has been immensely reinforced by a flight of jobs

Suburbia 1987: traffic streams in Gwinnett County, Ga.; housing fields in Orange County, Calif.; neighborly skyscraper in Du Page County, Ill.



following the people. It is being powered by some of the mightiest currents in modern life: the communications revolution and the switch from a manufacturing to a service economy. Says George Sternlieb, professor of city planning at Rutgers University: "Changes in technology and in our economy are making possible a life-style that could only be dreamt about a few years ago."

Thanks to computers and low-cost telephone hookups, a company no longer needs to cluster its headquarters, billing operations, advertising, accounting and legal departments near the mill or factory; they can be plumped down in cubist buildings scattered around a suburban "campus." Even warehouses do not have to sit near city railroad yards; open land from which trucks can swing onto the interstate highways is often a more efficient as well as a much cheaper location. Offices can be moved near the plush, tree-shaded communities where a firm's top executives often live, and companies can tap into a well-educated work force of middle managers and skilled technicians who have grown tired of the grinding commute into the central city.

In 1975 the nation passed a little-noticed landmark: for the first time suburban office construction slightly exceeded office construction in the central cities. Now the ratio is about 60% suburban, 40% city. The Corportum, a 130-acre development along the East-West Tollway in Du Page County, will eventually include 16 buildings—a commercial space "about the size of the Standard Oil Building in downtown Chicago," says Developer John Colnon, "only we're building it horizontally rather than vertically."

The long-distance commuter, meanwhile, is becoming as passé as the 1955 novel, *The Man in the Gray Flannel Suit*, that memorialized him. As early as 1980, almost twice as many Americans were commuting from one suburb to another (27 million) as were still making a daily trek into a central city (14 million). Since then the proportions have undoubtedly grown even more lopsided.

**A**long with the offices, warehouses and electronics plants have come many of the other conveniences of city life. Orange County residents eager to dress for success have no need to journey to Rodeo Drive in Beverly Hills. They can load up on fashionable gowns and designer attaché cases at any number of swank shops in the giant South Coast Plaza retail center. Sports fans can get their fill of split-finger fastballs and blindsides blocks at Anaheim Stadium, home to both the California Angels and the team that still calls itself the Los Angeles Rams. Expensive restaurants are mushrooming in the counties around Washington. "You don't have to go downtown to get a nice piece of veal anymore," says Mike Gorsage, a real estate executive in Tysons Corner. "That was something the suburbs really lacked, but it's changing." Salesmen calling on the many new or expanding businesses in those suburbs can bypass Washington and put up overnight in any of 6,760 Fairfax County hotel rooms; 1,452 have been added just in the past two years, and another 1,532 are scheduled to open in 1987.

Some other amenities are still sadly lacking. Multiplex movie theaters are shooting up almost as rapidly as offices,

banks and stores, but many megacounty residents still have to drive into the city for a play or ballet or symphony. Indeed, social life often revolves around the shopping mall. "The mall is the center of the county," says Sara Strelitz, a Gwinnett housewife. "People go there to meet and shop." Growth and corporate transfers mean new neighbors almost every year, and some megacounty residents complain that they lack the camaraderie found in the old bedroom suburbs.

Still, many people flocking into the megacounties consider them a close-to-ideal blend of city and suburb. "There are few things you can't do here within an hour," says Orange County Teacher Greg Hickman. "You can head to the mountains, the desert, the water or a shopping center." Agrees Gemma Turi, a public relations consultant who switched from commuting into Los Angeles to a new job in Irvine, near her home in Newport: "It's like being on vacation except you get to live here."

But other aspects of suburban life are not in the least like being on vacation, and some burgeoning problems could even put a stop to the phenomenal growth. Among the worst:

**CONGESTION.** Traffic snarls are the No. 1 gripe everywhere. Offices and beaches may be close by, but getting to them can be as time consuming and nerve jangling as making the haul between suburb and city. During a stifling spring heat wave two weeks ago, one couple in Long Island's fast-growing Suffolk County took 1 hr. 15 min. to sweat through 15 miles of bumper-to-bumper traffic between their home and the ocean beachfront of Robert Moses State Park. Du Page County's Mor-

Widening a bridge in Gwinnett: Where to find blue-collar workers?



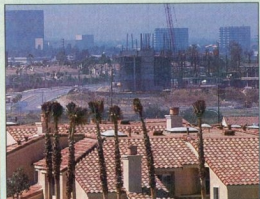
## Fairfax County, Virginia



**R**esidents of the Virginia countryside west of Washington long opposed commercial and industrial development near their comfortable homes. In 1976, however, county leaders decided that expensive community services had to be expanded to serve Fairfax's burgeoning population. "To minimize the tax burden on the individual homeowner, we needed to attract industrial and commercial development," says County Executive J. Hamilton Lambert. No sooner were the strict zoning laws relaxed than office complexes, shopping malls and hotels began to sprout. Since 1980, Fairfax has increased its commercial space from 39 million to 68 million sq. ft., and it is now home to major facilities of Boeing, TRW and GTE. In April Mobil Corp. announced that it would move its headquarters from Manhattan to Fairfax.

With the businesses came more people: by 1986 the county's population, which stood at 537,000 in 1975, had climbed to 684,000. Affluent residents (median household income: \$52,000 a year) have plenty to spend at the county's three shopping malls. "We are doing very, very well," says Gil Brooker, general manager of Fair Oaks Mall Shopping Center, a 1.4 million-sq.-ft. behemoth. Yet some worry that Fairfax may be overbuilding. The office vacancy rate in the Washington area has jumped from 1.76% in 1980 to 15.8% today. "When you have that much empty space," says Commercial Real Estate Executive Boyd Van Ness, "somebody isn't smiling."

## Orange County, California



**U**ntil Walt Disney began building amid the groves of citrus trees in Anaheim in 1955, Orange County's major preoccupation was cultivating the fruit for which it is named. Almost overnight, Anaheim's population tripled and construction crews swarmed across the entire picturesque wedge of land along the Pacific coast between Los Angeles and San Diego. Today, Orange County's endless developments support a population of 2.2 million, and by itself the county's \$50 billion economy would rank 46th in the world. Home to giants like Hughes Aircraft, Rockwell International and McDonnell Douglas Corp., the county boasts an unemployment rate of 3% and a median household income of \$39,000. South Coast Plaza in Costa Mesa projects \$715 million in annual sales this year, more than downtown San Francisco. The plaza's developer, onetime Lima Bean Farmer Henry Segerstrom, donated six acres of land and a portion of the financing for the county's new \$72.8 million Performing Arts Center. But as ever more people arrive in search of the good life, the county's minimal infrastructure is being overwhelmed. Cars line its two main freeways, one of which is about to undergo a \$1 billion expansion to be completed in 2008. By then, Orange County should be packed tighter than an orange crate. Says one real estate agent: "The ultimate moratorium on growth will be gridlock."

ton Arboretum, a popular spot for local outings, is becoming a walled fortress. Managers are erecting a series of 40-ft.-high earth berms to protect the trees and shrubs from the lethal effect of de-icing salt splashed up by heavy traffic on the neighboring tollway. Mark Baldassare, a sociologist at the University of California at Irvine, predicts that by the 21st century Orange County traffic will become so hopelessly jammed that "the people in Irvine, for example, will rarely decide to go to another village. They will stay in their own small areas."

**LABOR SHORTAGES.** Unemployment rates in the megacounties are phenomenally low: less than 3% in Fairfield County, Conn., for instance. Middle managers and computer programmers can be enticed by high salaries, but where to find the laborers to build the new offices, the clerks to staff the stores, the pump jockeys to keep the cars running? Not from the local working class; in many communities there is none. Manual and low-paid clerical workers cannot afford the housing prices (Orange County median price for a new home: \$125,000); indeed, many of the children who grow up in those houses must move elsewhere when they start their own families. And residents fearing still greater congestion fight bitterly and usually successfully against construction of low-cost, high-density apartments.

Labor shortages are so acute in Fairfax County that the new hotels are recruiting at local senior citizen centers. The American Automobile Association has announced that it will move its national headquarters from Fairfax County to Orlando in 1989. The reasons, said the AAA, were the difficulty of finding enough clerical workers in Fairfax and, of all things, traffic congestion.

Some employers are attempting to import workers from the central cities, where unemployment rates can be triple those of the suburban counties. AT&T uses a fleet of buses to pick up mostly black manual workers at a subway station on the edge of Atlanta and ferry them to its plants and offices in Gwinnett County. But not many city workers can afford to drive to low-paying suburban jobs, and public transportation in most of the megacounties ranges from poor to nonexistent. In Fairfield County, traveling the 20 miles from Shelton to Norwalk means taking seven different buses and paying 75¢ on each; besides that, the schedules rarely mesh.

**FIXED-UP GOVERNMENT.** The power structure of megacounties is a kind of elective feudalism: a series of petty neighboring baronies lacking the authority and, frequently, the will to police development. "Essentially, we're a city without municipal governance," complains Jack Kneuefer, chairman of the Du Page County board. "We're a city with 35 municipalities, nine townships and only the Lord knows how many special districts: fire districts, sanitary districts, school districts." The county government has been

unable to prevent its component communities from following what Knuefer describes as a "beggar thy neighbor" policy.

Standout example: the village of Oak Brook does not like the glitzy 31-story office tower designed by Architect Helmut Jahn any more than Joann Murphy does. But neighboring Oakbrook Terrace gladly let a developer put it up—right on the border between the two communities. Then Oak Brook refused to widen a road running to one side of the building, even though the developer offered to pay for the work. Its argument: Oakbrook Terrace would get all the tax advantages of the new building, so let Oakbrook Terrace widen one of its own roads and choke on the ensuing traffic. Says Oak Brook Village President Wence Cerne: "By turning residential streets into arterials, we're denigrating the quality of life. Some of these communities keep approving and approving and approving, and by the time the traffic effects are seen, it's too late."

In Orange County, Community Activist Russ Burkett grouches about inadequate funding for such basic services as police protection and sewage systems in addition to transportation. Says he: "The landholders have such powerful control that they dictate policy for the entire county. They got rich by developing the land, but now they don't want to pay for all the services we need." Burkett has formed a group, Orange County Tomorrow, that plans to initiate a ballot proposal to stop growth in areas where traffic does not move freely.

The most disturbing trend in the rise of the megacounties, however, may be the increasing racial polarization it brings to American society. Says Gary Orfield, a political scientist at the University of Chicago: "We've got these enormously affluent outer suburban areas that are almost 100% white growing at a tremendous rate. They are drawing not only the upper-income jobs but other jobs—in construction, for example—that might be available to people without high levels of education. These jobs are becoming completely inaccessible to the black and Hispanic people in our metropolitan areas; they are in another world." In their own way, Orfield adds, the megacounty whites are isolated too: "A great many people who will be leaders will have grown up in these suburbs. They are going to have no skills in relating to or communicating with minorities."

Unhealthy or not, the trend to suburbanization appears unstoppable. Pierre deVise, professor of public administration at Roosevelt University in Chicago, has this message for megacounty residents: You are already living in "the future white community of the U.S." Twenty years after the Kerner Commission report predicted that the U.S. was resegregating itself into two separate and unequal societies, megacounties are threatening to confirm that disturbing thesis.

—By George J. Church.

Reported by Steven Holmes/Fairfax County and J. Madeleine Nash/Du Page County

## Gwinnett County, Georgia



Only 18 miles northeast of Atlanta, Gwinnett was a natural place to develop housing easily accessible to the big city and to the businesses along Interstate 85. From a quiet rural county of red clay hills and pine stands (1970 pop. 72,000), Gwinnett today is a patchwork of architecturally eclectic subdivisions, office parks and shopping malls, with a population of 280,000. High-tech telecommunications firms like AT&T Technologies and Scientific-Atlanta have attracted workers from across the country, diluting the area's Southern character. "Everybody around here now drinks 'soda,' not 'pop,'" says Jim Osteen, editor of the *Gwinnett Daily News*.

Gwinnett's new residents are generally white, affluent (median household income: \$37,000) and, more and more, Republican: the Democratic Party lost its time-honored control of the county commission in 1984. Some 60% of Gwinnett's residents hold jobs in the county, and they apparently feel little affinity with their neighbors in predominantly black Atlanta. Gwinnett refuses to finance a link with Atlanta's rapid-rail system; the train stops at the county line. But the narrow local roads with red clay shoulders cannot handle the heavy traffic, and commuters stew in the brutal rush hour along Jimmy Carter Boulevard. Gwinnett's school system is equally overburdened: with new students arriving at the rate of 90 a week, the county has taken to setting up portable trailers as classrooms.

## Du Page County, Illinois



When the East-West Tollway linking Du Page County to Chicago was completed in 1958, recalls County Resident Charlie Thurston, motorists on the highway could still see horsemen riding to the hounds through what is now the booming business center of Oak Brook. The tollway, which set the stage for the county's explosive growth, has become the main artery for the recently christened Illinois Research and Development Corridor. In addition to the high-tech facilities of AT&T, Amoco, ITT and Miles Scientific, Du Page is home to the federally funded Argonne National Laboratory and the Fermi National Accelerator Laboratory.

Situated just 15 miles west of Chicago's Loop and adjacent to Chicago-O'Hare International Airport, Du Page is dotted with well-manicured office complexes, including the national headquarters of McDonald's Corp. The county's population, 300,000 in 1960, has climbed to 700,000, and modern developments have come to outnumber villages of Victorian homes. Although residents are fighting to maintain the small-town character of communities like Wheaton and Glen Ellyn, the task is not easy: Naperville (pop. 70,000) features a river walk complete with covered bridge that harks back to its more bucolic past, but the corporate executives who live there are so prone to transfers that the average stay in town is just under three years.

# A Big Bonus for "Belly Button"

*Iran-arms money turns up in an account reserved for Oliver North*



The many code names that Lieut. Colonel Oliver North attracted during the Iran-*contra* affair ranged from the heroic "Good" to the cryptic "B.G." (for "Blood and Guts") to the macho "Steel Hammer." But the most significant, and bizarre, could turn out to be "Belly Button." That improbable monicker was the name for a Swiss bank account containing \$200,000 in Iran-arms profits that were set aside for the former National Security Council aide and his family.

News of the account, opened in the name Button, gave yet another twist to the Iran-*contra* hearings on Capitol Hill. A growing body of evidence indicates that North was not merely a reckless Marine who was acting purely for patriotic reasons in setting up the secret *contra* supply network and trading arms for hostages with Iran. Instead, last week's testimony suggested that like many of his private-sector companions, North may have been driven in part by a profit motive.

The Button account was disclosed by a key player in the scandal, Iranian-born businessman Albert Hakim. He handled the financial side of the Iran-*contra* "enterprise," while North took care of the political end and retired Air Force Major General Richard Secord, a business partner of Hakim's, oversaw operations. "I intended to profit from my activities," said Hakim. "I never made any pretense about that fact." And profit he did. The enterprise made a total of \$14.9 million from its transactions; \$8 million of those profits were frozen in bank accounts after the scandal broke.

Hakim looked out for the military men who were his partners. Last week committee investigators discovered that Secord may have withdrawn as much as \$300,000 from an account set up by Hakim to pay for amenities such as a Piper Seneca airplane, a Porsche sports car and a visit to a health spa. In his testimony to the committee last month, Secord indignantly insisted he did not benefit from the weapons deals; he may now be summoned back to Capitol Hill to explain the discrepancies.

North also stood to benefit from Hakim's generosity. On May 20, 1986, a few days before North and other U.S. representatives flew to Tehran, Hakim estab-

lished the Button account. (The name Belly Button, Hakim said, was the result of a joke about North. He did not elaborate.) Hakim told the congressional committees that the \$200,000 was a "death benefit" for North's wife and four children. Knowing that U.S. officials are forbidden by law to accept outside contributions, Hakim says he did not inform North of the account.

Though North returned safely from Tehran, the Button account remained open. Last fall, Hakim claims, he attempted to get some of the money to North's wife Betsy. Hakim's financial adviser, Willard Zucker, met with "Mrs. Belly Button" in Philadelphia and told

her that an anonymous admirer of her husband's "wishes to help out with the university and educational expenses of the children." Zucker and Betsy North discussed an abortive plan to funnel money to the Norths through their relatives.

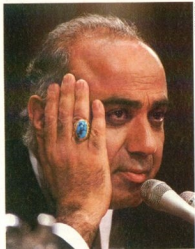
Hakim at first contended that North remained ignorant of the bank account despite his wife's discussion with Zucker. But under questioning from Senate Chief Counsel Arthur Liman, the businessman admitted, "Eventually, I would have found it impossible for him not to know." Congressional investigators have already uncovered evidence that North used \$2,000 worth of traveler's checks obtained from *Contra* Leader Adolfo Calero to buy groceries, snow tires and gasoline.

According to Hakim's testimony, North's motives may have been tainted by politics as well as profit. Hakim said he attended a secret meeting between North and other U.S. officials and Iranian government representatives in West Germany last October. North, said Hakim, was extremely eager for all of the U.S. hostages to be released before the November congressional elections, to "enhance the position of the President." But the Americans and the Iranians were at loggerheads. As North prepared to leave the meeting, Hakim asked if he could take over the negoti-

ating. North gave him six hours to cut a deal.

Under North's deadline pressure, Hakim worked out a nine-point plan that included a promise that the U.S. would deliver 500 TOW missiles to the Iranians and pursue the release of 17 Shi'ite Muslim terrorists being held in Kuwait in return for one or two American captives. Hakim, following Secord's recommendations, went as far as to commit the U.S. to fighting the Soviets if they invaded Iran, and he pledged U.S. assistance in efforts to topple Iraqi President Saddam Hussein. Secord and North approved Hakim's arrangement. Four days before the election, Hostage David Jacobson was freed (nonetheless, the G.O.P. lost control of the Senate). When Liman sarcastically asked Hakim if he felt as if he had played "Secretary of State for a day," the businessman boasted, "I had it better than the Secretary... I can achieve more."

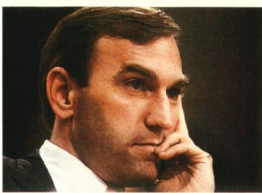
To Senate Committee Chairman



**Betsy North and husband; Hakim testifying**  
\$200,000 for the children's education.

Daniel Inouye, Hakim's private foreign policy dealings were more disturbing than the indications of profiteering. Although Congress has been denied access to sensitive foreign policy material, Inouye pointed out, Hakim and other private operatives were handed top-secret KL-43 encryption devices, "something that the KGB would love to grab hold of." Moreover, he said, to learn of an "American lieutenant colonel... committing this country, its power and majesty, to defend Iran, without even consultation with the Congress of the United States, is just unbelievable."

The Congressmen also found it hard to believe what they heard from Elliott Abrams, Assistant Secretary of State for Inter-American Affairs, the point man for the Administration's policy in Central America. The cocky, abrasive Abrams confessed to deliberately misleading congressional committees last fall



**Elliott Abrams: what he didn't know couldn't hurt him**  
Nor was he "authorized" to tell the truth.

when he claimed that the Administration had not solicited funds from foreign countries for the Nicaraguan *contras*. In fact, Abrams himself had requested a contribution of \$10 million from the government of Brunei, but he testified last week

that he was not "authorized" to tell Congress the truth on the matter. Abrams also told the panel that Secretary of State George Shultz considered North to be a "loose cannon" and that he had been instructed by Shultz to "monitor Ollie." Yet, Abrams said, "I was careful not to ask Colonel North questions I did not need to know the answers to."

After Abrams' testimony, many Congressmen called for his resignation. Although Shultz insisted that his deputy would not resign, many of Abrams' colleagues at the State Department believe his days are numbered. Abrams will prove to be a liability next fall when the Administration asks Congress for \$100 million in aid to the Nicaraguan rebels. Said one State Department official: "Contra funding is in deep trouble as long as Elliott is here."

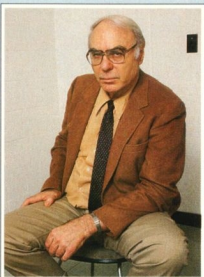
—By Jacob V. Lamer Jr.  
Reported by Ricardo Chavira and Hays Gorey/  
Washington

## The Spectator in Solitary

He lives in a 12-ft.-square concrete cubicle, entombed beyond the reach of daylight in a special solitary-confinement corridor of the fortress-like maximum-security U.S. Penitentiary at Marion, Ill. There, behind a steel door slotted for the passage of meal trays, Prisoner No. 08237054 spends his days peering at a tiny black-and-white television set, watching with fascination the proceedings of the Iran-*contra* hearings in Washington.

Prisoner No. 08237054 is Edwin P. Wilson, 59, the free-booting former CIA agent who has served five years of a 52-year sentence for providing arms and explosives to Libyan Ruler Muammar Gaddafi and plotting to kill his federal prosecutors. One reason for his absorption with the TV spectacular is that he knows so many members of the cast and has such a definite opinion about them. Many of his former associates, says Wilson, ought to be exactly where he is.

The isolated cell block holds just six other prisoners (one of them is former Soviet Spy Christopher Boyce). With a rough-hewn, 6-ft. 5-in. physique, Wilson exudes a sense of physical power despite his confinement. He is eager to talk about what he claims were his professional and commercial ties with several of the individuals implicated in the sub-rosa schemes run by Lieut. Colonel Oliver North. In particular, Wilson mentions retired Air Force Major General Richard Secord and former high-level CIA Officials Thomas G. Clines and Theodore G. Shackley. All of them, he says (and has said previously to prosecutors who did not believe him), were partners of his in deals carried out by Eatsco (for Egyptian American Transport & Services Co.), which he financed for Clines and the others in 1978 in order to reap millions in Middle East arms deals.



**Edwin Wilson: a sense of déjà vu**

Subsequent investigations by the Department of Defense Inspector General's office and the Justice Department established that Eatsco had skimmed some \$8 million in unearned profits from the weapons sales. The company paid over \$3 million in penalties, and Clines, who ran Eatsco, paid \$110,000 in fines for filing false invoices with the Pentagon. Secord and Shackley, who Wilson claims were silent partners in the affair, denied any involvement with Eatsco. Secord, then Deputy Assistant Secretary of Defense for the Middle East, was briefly suspended from duty in 1982; he was reinstated but soon resigned his commission because, as he told the Iran committee, "the fact that I was cleared didn't seem to make any difference to anyone."

Although the Iran-*contra* hearings are not directly concerned with Eatsco's operations, committee investigators have privately interviewed Shirley Brill, a former CIA administrator and companion of Clines'. Brill informed the investigators last week that Clines told her that Wilson, Secord, Shackley and Erich von Marbod, a former Defense Department official, were partners with him in Eatsco. Von Marbod, who retired from the Pentagon in 1981 at the same time that the Eatsco inquiry began, has not been implicated in the Iran-*contra* scandal.

Buried in his sunless cubicle with his cot, his toilet and his TV, Edwin Wilson seethes, "It is to this bunch of sharks that Ollie North tied himself." If North and others in the Government are sincere in their claims of patriotic motives for their selling arms to a terrorist nation like Iran, says Wilson, then they are victims of "unscrupulous people whose only allegiance was to money." But Wilson does not believe the patriotic pieties he hears on television from the likes of Secord. Says the prisoner: "If I'm guilty, they're guilty. If I got 52 years for what I shipped, Ollie North ought to get 300 years."

—By Frank Trippett.  
Reported by Jonathan Beatty/Marion

# \$4 Billion Worth of Temptation

Corruption dogs the set-aside programs for minority firms

**I**n dollar terms, the largest civil rights effort run by the Federal Government is the set-aside programs for minority-owned businesses. In 1986 more than \$4 billion in federal contracts was allotted to such firms, and enthusiastic support for the programs cuts across the ideological spectrum, from Ronald Reagan to liberals in Congress. The political appeal of this kind of compassionate capitalism is almost irresistible: fostering entrepreneurship among blacks, Hispanics and other minorities with dollars the Federal Government would have spent anyway.

Good intentions, however, are rarely enough, especially when billions of dollars in contracts are being awarded free from the pressures of competitive bidding. Corruption has dogged the two primary federal set-aside programs: a Government-wide \$3 billion effort run by the Small Business Administration, and the requirement that 10% of all highway funds (\$1.2 billion) go to minority contractors. The most frequent problems are false-front companies, which are purportedly controlled by minorities but actually owned by whites. A federally funded 1986 study of highway set-aside programs in nine states by Abt Associates, a consulting firm, estimates that about 20% of minority contractors engage in fraudulent activities. Now the SBA is mired in the worst scandal in the history of the set-aside programs: the tangle of bribery, theft and political favoritism surrounding the Wedtech Corp., a Bronx, N.Y., defense supplier once hailed as a model minority contractor.

Attorney General Edwin Meese and former White House Political Adviser Lyn Nofziger are under investigation by Independent Counsel James McKay, in part because of possible improper lobbying that helped Wedtech win an Army contract, eventually worth \$32 million, under the SBA program in 1982. Last week Meese testified before a federal grand jury in Washington that is hearing evidence from McKay. Meese's lawyer revealed that the Attorney General had also secretly appeared before the grand jury in March. Not until a month later did Meese disqualify himself from the Justice Department's own Wedtech investigation.

But the biggest headlines were produced in New York City last week as another federal grand jury investigating Wedtech indicted seven men, including Bronx Democratic Congressman Mario Biaggi and his son, on a variety of extortion, racketeering and conspiracy

charges. The 84-page indictment depicted Wedtech as a racketeering enterprise dependent on bribes to public officials to win no-bid minority contracts.

Prosecutors claim that Biaggi received \$3.6 million in Wedtech stock after threatening to undermine the SBA's support for the company. Among those indicted was a former SBA regional administrator who is alleged to have approved a sham arrangement masking the



Inside Wedtech; Mario Biaggi, inset  
A success story that soured.



fact that Wedtech no longer had majority Hispanic ownership. "If Wedtech was the proverbial American success story," said U.S. Attorney Rudolph Giuliani, "these charges raise serious questions about the way we practice politics and conduct business in the city, state and nation."

They do indeed. Given the political popularity of minority set-asides, however, few in Washington seem to have the heart to examine the actual operation of the programs too closely. The last serious attempt to question the effects of special treatment for minority contractors was a controversial 1986 draft report prepared

for the U.S. Commission on Civil Rights that charged that "the growth of set-asides has primarily benefited wealthier minority-group members, arguably the ones least in need of Government assistance." The report, which also assailed corruption in the programs, attracted a gale of criticism, was disowned by the White House and was ultimately withdrawn by the commission. But Commission Chairman Clarence Pendleton remains adamant in his conviction that the "set-aside program is one of the biggest pork barrels in history."

Despite Wedtech, there are success stories. General Railroad Equipment and Services, Inc., a black-owned firm in East St. Louis, Ill., has doubled its sales and almost tripled its work force in four years in the SBA program. Dennis Yee, the son of Chinese immigrants who used federal funds to build Abacus Technology in Washington, hails the SBA for allowing him "to establish a top-quality, competitive consulting firm."

But critics note that minority firms have consistently had difficulties in weaning themselves from the set-aside programs and competing for traditional federal contracts. A recent survey of firms graduating from the SBA program, conducted by the Senate Committee on Small Business, found that nearly 30% had most likely gone out of business and an additional 22% said they were facing financial troubles. That suggests that fewer than half the firms had weathered the transition to a competitive environment.

The Wedtech scandal has prompted some congressional interest in reform legislation. Massachusetts Democrat Nicholas Mavroules, who chairs a House small-business subcommittee, is championing a bill that would bar any political appointee from helping select minority contractors or managing the program. A more controversial approach, favored by Massachusetts Republican Congressman Silvio Conte, would require minority contractors to participate in competitive bidding and eliminate the SBA's awkward role as the middleman between federal agencies and minority businesses.

But there are few apparent congressional qualms about the further expansion of minority set-asides. A Defense authorization act, which took effect this month, calls upon the Pentagon to strive toward awarding 5% of all contracts, as much as \$7 billion a year, to minority-owned small businesses. A laudable goal but also, alas, another tempting target for corruption.

—By Walter Shapiro.  
Reported by Nancy Traver/Washington

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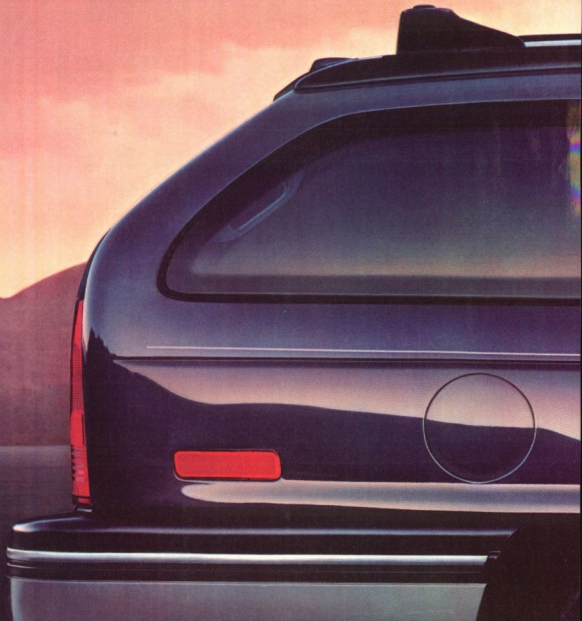
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The Presidency/Hugh Sidey

## The Seven-Year Itch

Ronald Reagan is getting on. Air Force One is ready for retirement. Economic summits in Venice are old hat—Jimmy Carter was there for one seven years ago. The dollar is tired and limp, and Paul Volcker about to become a memory. Congress is slower, windier and crankier. Even the 17-year locusts sound unhappy to have emerged again along Washington's troubled streets.

Time for a change. The country feels it in its bones as summer rushes in and President Reagan rushes out. It is the seven-year presidential itch. The ebb of power is melancholy reality, the days of glory meticulously numbered. Air Force One, soon to be replaced by a grander, fancier model, sits in its hangar eager for a last run around the track. So hail and farewell, Mr. President, and good luck and fun in Europe. The fresh faces of James Madison High School in Vienna, Va., cheer him off from the sweet sweep of the South Lawn. The creaky jet still has some spirit as it thunders up through the gray clouds and is away. The Iran-contras mess seems to fade to a whisper, the deficits and the trade struggle to diminish magically. At 37,000 ft., the world looks green and serene, even manageable.

Soon the President is among the faded glories of the West's oldest free traders and the doges of Venice, with a nip down to Rome Saturday to visit Pope John Paul II and savor a few of the things that last and last and last. Then follows the embrace of his high political compatriots, the more-or-less board of directors of the consortium of major industrialized free powers, a comforting, clubby, forgiving group, every one of them scarred and battered and worried. They listen and sympathize and even laugh with one another. They are pols, one and all, a now international order that polls and prays and parades for the people. Then they pass on.

It is coming to an end for Ronald Reagan as it must for all Presidents, and, as is so often the case, the last act is a welter of charges and countercharges, scandal and disillusion. Still, Reagan is fighting, smiling. His standing with his people is edging up a bit. There will be dining and toasting and travel, a just rite of exit. But the power is palpably fading. It is being gathered up in strange little places like Greenfield, Iowa, where the latter-day populist Jesse Jackson tramps through the cornfields, and Campton, N.H., where Massachusetts Governor Michael Dukakis sounds native.

The Gipper may yet have a rabbit or two to pull from his helmet, like a treaty with the Soviet Union to reduce intermediate-range nuclear missiles. There will be vetoes, and Reagan may still have to order the fleet here and there in the Persian Gulf, acts of institutional power. But the crusade is almost winded, the caravan dispersing. The great surges of political energy, the wide-screen visions that moved America, are headed for the memoirs. "Let's face it," mused one dedicated partisan about the last year of the Reagan Revolution, "not many people are going to be interested after the first vote." That comes in Iowa Feb. 8, 1988, just eight months away. The nation will gather on Main Street to judge the contenders, the world will pull up a seat to watch.

The Reaganauts will be busy on their books. Dozens of biographies, novels and analyses are already under contract with publishers, and probably that many more are germinating in the weary minds of the combatants. Gil Robinson, a Washington public relations wizard who served a spell in the revolution, has already organized a society of "Reagan Appointees Alumni." They will soon be having their first reunion.



Savoring the last months of power: papal audience

## Policy at Sea

Tacking toward the gulf

The signals emanating from Washington last week over the issue of U.S. involvement in the Persian Gulf were decidedly mixed. Press reports described a U.S. contingency plan to launch a pre-emptive strike against the Chinese-built Silkworm missiles that Iran is installing along the Strait of Hormuz. Drawing up a wide range of such plans is routine procedure. Testifying to the Senate Armed Services Committee, Admiral William Crowe, chairman of the Joint Chiefs of Staff, said nothing directly about the Silkworms. But speaking of the Reagan Administration's plan to have U.S. warships escort Kuwaiti tankers through the gulf, he warned, "There are no absolute guarantees that such an operation will be casualty free or that Iran will not escalate the sea war, which will present us with further difficult choices."

Behind the scenes in Washington, however, the sounds were far more muffled. The Reagan Administration appeared to be in no hurry to implement its plan to send more warships to the gulf to begin the escort operation. Private briefings given to Congress suggested that the Administration will take some time to think through how big a fleet it plans to send and exactly what the ships will do. Most legislators appeared content with the White House's promise to spell out the rules of engagement under which the ships would be allowed to open fire in advance of any actual deployment. That deployment seems several weeks away. One factor inhibiting the Administration from hatching any quick, ambitious military plans is the reluctance of U.S. allies to join them. President Reagan promised to appeal for support at the Venice economic summit this week, but indications were that he would not get very far.

As the Administration continued to weigh its next move, the Navy released its report on the May 17 Iraqi missile attack on the U.S.S. *Stark*, which killed 37 sailors and crippled the frigate. The report left unclarified the central mystery: Why had the *Stark* not taken prompt action to defend itself when an Iraqi plane's radar locked on to it? According to the Navy, the *Stark*'s antimissile weapons were "operational," meaning they could have been activated by the push of a button, but no button was pushed.

At minimum, the *Stark*'s commander, Captain Glenn Brindel, will face many more questions on that score. The Navy confirmed that it has told several officers they are "parties to the investigation"; it would not name them, but other sources said they were Brindel and three of his subordinates. If any charges are brought against them, they will be subjected to a hearing to determine if they should be court-martialed.

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## American Notes



Landscaping: Mr. T's emergent pasture



Disasters: Windy Kelley moving out of Rawhide Village



Press: the Celestes

### LANDSCAPING

## Only God Can Make a Mr. T

Lawrence Tero left the Chicago housing project to make his fortune. He came home famous, rich and decorated with gold chains, a Mohawk haircut and a new name: Mr. T. The star of TV's *The A Team* moved into a mansion in the leafy suburb of Lake Forest. Now Mr. T's name is mud. In a community proudly known as Tree City, U.S.A., Mr. T has been keeping chain saws whining to cut down some 100 or so trees. Allergies, said a spokesman. But Mr. T, surveying his emergent pasture in red shorts and T shirt, said he is doing it for the exercise. A chain saw, he told a passerby, is "music to my ears." Countered Neighbor Betsy Kitzrow: "I just could not believe somebody could be that destructive to something that took God maybe 60 years to grow."

### LAWSUITS

## One Pact, Two Winners

After three acrimonious years, Republican Presidential Hopeful Paul Laxalt and the McClatchy Newspapers last week finally settled the lawsuits each had brought against the other. So who won? While Laxalt dropped his \$250 mil-

lion claim that the McClatchy-owned Sacramento *Bee* libeled him in a 1983 story about a Carson City casino-hotel his family once owned, the former Nevada Senator declared that pretrial investigations found no evidence of illegal skimming. And while *Bee* President-Editor C.K. McClatchy dropped a \$6 million counter-suit, he maintained that his paper had never reported there had been skimming—only that IRS agents suspected it. Said he: "We have not retracted, we have not apologized, and we have not paid any damages." Laxalt, who admitted that the prospect of a trial had hindered campaign fund raising, is now free to devote full energies to his presidential bid.

### DISASTERS

## Modern-Day Ghost Town

The folks in Rawhide Village, a subdivision near Gillette, Wyo., figured something was amiss back in February when they found they could set fire to cracks in the street. Methane, it developed, was surfacing from coal deposits below. So was stinking—and sickening—hydrogen sulfide. By this month, with the hydrogen sulfide causing illnesses and the methane turning into a serious fire hazard, the Campbell County commission ordered some 180 families to evacuate by July 31. "Unlike a disaster

such as a flood, you can't see it," says County Commissioner Tom Ostlund, who is seeking federal disaster funds so the homeowners can be compensated. Says Ron Pickar, 33, who has sent his two children to Montana to recover from eye irritations and raw throats caused by hydrogen sulfide: "Saying my last goodbyes to that house was the toughest thing I've ever done."

### PRESS

## Stepping Over The Bounds

The Miami *Herald's* stories about Gary Hart and Miami Model Donna Rice provoked intense debate about how far the press should go in reporting about the private lives of public officials. Last week brought the first clear sign that a new epoch is indeed aborning: the Cleveland *Plain Dealer* drew on unnamed sources to report that two-term Ohio Governor Richard F. Celeste, 49, has been "romantically linked" to three women other than his wife of 25 years, Dagmar. In the ensuing tempest, the *Plain Dealer* argued that the exposé was justified because Democrat Celeste, although not a presidential candidate, was considering becoming one. Earlier in the week, the *Plain Dealer* pointed out, Celeste had assured reporters in response to a question that no, he would not

face any Hart-like problems if he ran.

The Celestes refused comment. "Our personal life is our personal life, and it's between me and Dagmar and our kids," said Celeste. Said Dagmar, who has joked with reporters about the rumors of her husband's affairs in the past: "The greatest gift you can give if you love somebody is forgiveness."

### TRIALS

## Tales from a Teamster

The International Brotherhood of Teamsters has long been accused of ties to organized crime, but seldom has the linkage been confirmed as baldly as it was last week by former Teamsters President Roy L. Williams, 72. Serving a ten-year sentence on a 1982 bribery and fraud conviction, Williams testified on videotape at the Manhattan trial of twelve reputed Mafia members and associates for alleged racketeering. He described how emissaries of the late Kansas City, Mo., Mafia boss Nick Civella brought him a message: If he did not become Civella's "boy," he could anticipate the deaths of his two children, his wife and himself, in that order. He became the boy. "Organized crime was filtered into the Teamsters union a long time before I came there," he summed up, "and it'll be there a long time after I'm gone."

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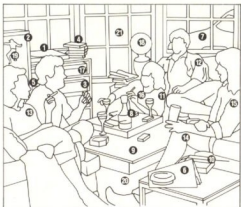
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## World

SOVIET UNION

# Kremlin Prop Wash

*In the aftermath of a daring stunt, Gorbachev plays power politics*

In spite of the uproar he created by landing his Cessna Skyhawk 172 on the edge of Moscow's Red Square two weeks ago, there were signs that the Soviets might deal leniently with Mathias Rust, 19, the newly famous West German aviator. No less an insider than Valentin Falin, head of the official Novosti press agency, initially predicted that the "young man will soon see his parents and friends." But as the week wore on, the Soviets seemed to grow less and less inclined to let Rust off the hook, or for that matter to dismiss his unprecedented feat as an innocent, if dangerous, stunt. In any case, said Yegor Yakovlev, editor in chief of the foreign-language weekly *Moscow News*, Rust "will have to answer according to the law."

Moscow's reluctance to let Rust off

with a wrist slapping, and thus deflect attention from its embarrassment, only underscored the extreme seriousness with which the Soviets viewed Rust's romp through more than 400 miles of well-guarded airspace. Soviet and Western military experts were still digesting the news of the abrupt departure of Defense Minister Sergei Sokolov, the first official of that rank to be ousted since Nikita Khrushchev's celebrated firing of Georgi Zhukov for meddling in party affairs in 1957. Marshal of Aviation Alexander Koldunov was also dismissed. Further casualties were expected in the course of a top-level investigation ordered by the ruling Politburo into why Rust's aircraft had not been forced out of the skies before it buzzed the Kremlin, the country's political and military nerve center. Meanwhile,

speculation mounted that Soviet Leader Mikhail Gorbachev had shrewdly seized on the unexpected incident to consolidate further his power inside the Politburo.

General of the Army Dmitri Yazov, 63, who leapfrogged over twelve more senior members of the Soviet high command to become the new Defense Minister, made his debut at a two-day conference in Moscow of high-ranking Warsaw Pact officers. A career soldier with combat experience in World War II, Yazov is believed to have made a favorable impression on Gorbachev during the Soviet leader's visit last summer to Vladivostok, where the general was based as commander of the U.S.S.R.'s far eastern military district. Yazov was summoned to Moscow last February and given the Defense Ministry's top personnel job. That is



The arrival: Rust's Cessna passes in front of the Historical Museum as it circles Red Square

not a traditional launching pad to the top, but its occupant has a major role in high-level promotions and transfers, and thus plays a critical part in Gorbachev's campaign of *perestroika*, or economic restructuring, which has become the Soviet leader's rallying cry for all sectors of society.

Gorbachev, who has had no direct military experience, has been cautious about asserting his authority over the Soviet high command, which has a history of friction with the party leadership that extends beyond the Zhukov affair. Says Malcolm MacIntosh, senior consultant on Soviet affairs at London's International Institute for Strategic Studies: "Gorbachev realized that with his other priorities—shaking up the party, modernizing the economy and imposing governmental reforms—he could not take on the military as well. Hence he reached a *modus vivendi* with them that allowed them to retain most of their power." Now, by installing as Defense Minister a relatively obscure commander who owes his rapid rise entirely to Gorbachev, the Soviet leader is clearly seeking to assert a much higher level of personal command.

What Gorbachev is doing beyond that is less certain. One school of speculation holds that he will use his enhanced au-

thority over the military to bolster his position in the Politburo. "The preliminary view is that this will strengthen Gorbachev's hand," says a State Department official in Washington. "It would appear to solidify his majority status in the decision-making elite." But other analysts surmised that by choosing a less prominent candidate for Defense Minister, Gorbachev is seeking to reduce permanently the status of the military, which he is thought to regard as a rapacious consumer of Soviet resources. Says a Western diplomat in Moscow: "It appears that as far as the military goes, Gorbachev can spit in their faces and walk away without fearing, for now, that he will get knifed in the back. It was a most convincing display of authority."

One early indication of Gorbachev's intentions could come sometime later this month, when he is scheduled to preside over a twice-yearly plenum of the Communist Party's Central Committee. The ousted Sokolov is expected at that time to resign his position as a nonvoting member of the Politburo. If Yazov, who currently holds nonvoting status on the less powerful Central Committee, replaces him or wins a voting position on the Politburo, that will be seen as a sure sign that Gorbachev wants to keep a military leader at the top of the political hierarchy. If Yazov is not rewarded with a Politburo position of any kind, Soviet military brass will just as clearly be viewed as having lost some of their polish.

What still remains unknown in the whole drama is the cause of such a spectacular lapse in the abundant layers of the Soviet air-defense system. Western military observers accept Soviet claims that Rust's flight was detected on radar and spotted by interceptor jets. Those aircraft, which cruise at around 500 m.p.h., may have had trouble keeping track of a Cessna probably flying low at no more than 130 m.p.h. But Soviet authorities could easily have called out helicopters and forced the Cessna to land. Instead, they either mistook the intruder for a Soviet aircraft—though it bore a painted West German flag—or for some other reason decided not to attempt interference.

For all their bemusement at Soviet discomfiture over the Rust affair, U.S. air-defense officials could offer few assurances that the same thing might not happen in American airspace. While Air Force and civilian radar systems can spot virtually all aircraft entering the country, the U.S. is still incapable of intercepting or destroying them at will. Because its fleet of interceptor jets was useless against intercontinental ballistic missiles, which became the primary offensive weapon in the Soviet arsenal in the 1950s, the U.S. air-defense system has been allowed to deteriorate and is now dangerously out of date. By coincidence, on the very day of Rust's flight, the approaching Cessna aircraft of a defecting Cuban air force general was spotted and tracked by two U.S. F-15 fighters until it landed at Key West, Fla. But many unidentified aircraft, especially those involved in the huge drug-smuggling trade, disappear daily from radar screens without a trace. Says former Defense Secretary James Schlesinger: "The U.S. does not have an air-defense system worthy of the name."

**A**s the amateur who shook up the military establishment of a superpower, Rust was being held in Moscow's Lefortovo prison, home last year to Nicholas Daniloff, an American journalist who was arrested on espionage charges and released 13 days later. West German diplomatic officials were permitted last week to speak for 30 minutes with the youthful flyer, who became an instant media hero back in West Germany. The diplomats said they found him "calm." Rust could face an investigation lasting up to nine months and a trial on charges of conducting an unauthorized flight into Soviet airspace. The maximum punishment for conviction is ten years in prison, but West German diplomats believe it is unlikely that Rust will serve more than six months.

Whatever Rust was telling his hosts, their skepticism about his motives seemed to grow by the minute. The Soviets claimed to have found evidence that far from deciding to take a joyride on the spur of the moment, Rust had

carefully planned the trip over an extended period of time, studying "maps and models" in his hometown of Wedel, near Hamburg. The implication, of course, was that he was in the employ of a Western intelligence service. The Soviet news agency TASS noted that West German newspapers had begun raising "worried questions" about Rust's odyssey. Among them: Was it timed to coincide with an international peace conference of physicians, thus guaranteeing that more foreigners than normal would be on hand? And when the Cessna touched down, why did so many camera-bearing tourists just hap-



The departure: a flatbed truck hauls the aircraft to a Moscow airport. An amateur who shook up a superpower's military establishment.



WIDE



WIDE



WIDE

On a wing and a prayer: Rust approaches the heart of the capital from the west, top, and descends to roof level; after landing, the pilot calmly stands by plane's tail, bottom

pen to be in Red Square to record the event in all its audacious derring-do?

West German officials had plenty of their own questions, but nothing they had learned so far pointed to anti-Soviet political motives behind the trip, or for that matter any other kind of political rationale. Investigators were not able to link Rust, a computer operator, to any organization other than his flying club, from which he rented the single-engine aircraft. One intriguing theory for Rust's motivation was advanced by a West German amateur pilot named Silke Matzen, who was traveling in the Soviet Union and witnessed the Red Square landing. Since it occurred on the Christian holy day marking Christ's ascension to heaven, she noted, Rust may have been acting out a popular German aviators' drinking toast that goes, "On Ascension Day we land in Red Square."

The son of an engineer, Rust lived with his parents and 15-year-old brother, who were described by Bonn officials as "completely bewildered" by Mathias' spectacular dilemma. Said one investigator: "He was a nice, quiet, dedicated young man from whom no one expected great deeds, or great misadventures either." The Rust family decided to sell the rights to their story, presumably to offset some \$100,000 in fines and charges that Mathias could face, to the weekly West German picture magazine *Stern*.

**T**hat coup for *Stern*, however, hardly deterred the rest of the West German press from devoting an avalanche of coverage to the Rust saga. Night after night, television stations showed footage\* of the small aircraft bobbing past the onion-shaped domes of St. Basil's Cathedral and the other famous buildings facing Red Square, and the figure of Rust, dressed in \$45 red flying overalls, emerging from the cockpit. Newspaper editorials compared his exploits to those of Manfred von Richthofen, the legendary "Red Baron" of World War I. Rust's status as instant folk hero was further certified by the appearance in West Berlin of \$8 T-shirts with a drawing of the flyer's Cessna in its now famous background and the inscription INTERNATIONAL AIRPORT, RED SQUARE. OPENING MAY 28, 1987. Indeed, so persistent was the hoopla surrounding the strange case of Mathias Rust that Soviet Foreign Ministry Spokesman Gennadi Gerasimov jokingly suggested that the "Cessna company organized all of this mess for advertising purposes." Not likely. As they say on Madison Avenue, no one can buy that kind of publicity. —By William R. Doerner.

Reported by John Kohan/Moscow and William McWhirter/Bonn

\*The only known videotape of Rust's approach and landing, shot by an unidentified British tourist, was obtained by NBC News, which bought worldwide distribution rights. The Soviets have made no attempt to obtain the tape, and it was not until last week that Soviet print media began admitting that the plane had made it all the way to Red Square.

## World

EAST-WEST

# Battle of the Bean Counters

*If Euromissiles are outlawed, will NATO be outgunned?*

The Western alliance had been waiting for the decision. After a lengthy and bitter debate that almost split Chancellor Helmut Kohl's ruling conservative coalition, West Germany last week finally closed ranks with its allies and endorsed Mikhail Gorbachev's "double-zero" proposal to eliminate both long- and shorter-range intermediate nuclear forces from Europe. Bonn's decision will permit NATO Foreign Ministers, meeting this week in Reykjavik, to give U.S. arms negotiators an unambiguous go-ahead for an INF agreement with the Soviets. Suddenly, the much-discussed superpower summit this fall—at which Gorbachev and Ronald Reagan would sign an INF deal—is beginning to look possible.

Such an accord would represent a historic arms-control breakthrough. For the first time, both sides would be compelled not only to slow the arms race but to junk hundreds of newly deployed missiles. But despite official NATO support for an INF deal, many Western leaders fear that double-zero could turn into double jeopardy for the alliance. According to the proposal's opponents, pulling those missiles out of Europe would put NATO at the mercy of superior Warsaw Pact conventional forces.

For nearly 40 years, standard military wisdom in the West has held that Warsaw Pact armies so outnumber and outgun NATO that only nuclear arms could redress the balance. This conventional forces "gap" has legitimized NATO's reliance on nuclear weapons, which in turn has allowed the alliance to hold down its spending on nonnuclear forces. Now, however, with NATO's nuclear inventory likely to shrink, fears are surfacing that decades of nuclear dependence may have left the alliance with insufficient conventional clout to keep the peace.

Alliance military com-

manders claim that the conventional balance is tilted heavily against them. "Every year," says NATO Supreme Commander General Bernard Rogers, "we find the gap continues to widen." Rogers warns that "within days" of a Warsaw Pact invasion, he would be forced to seek permission to use tactical nuclear weapons to halt an otherwise unstoppable advance. Once NATO crossed that threshold, however, escalation to full-scale nuclear war might be impossible to stop. The grim joke in NATO military circles is that its defense strategy consists of "fighting like hell for three days and then blowing up the world."

To help raise the nuclear threshold, NATO defense ministers agreed last month to strengthen their conventional forces through a 3% boost in defense spending. Yet most NATO governments have consistently failed in the past to fulfill their military spending commitments. Moreover, with the Gorbachev peace offensive in full swing, it will be difficult to win public support for military budget increases. In West Germany, for example, 72% of respondents in a U.S.-sponsored survey registered approval for Soviet arms control diplomacy, compared with only 9% for U.S. efforts. Says Eberhard Schulz, a West German Sovietologist: "Gorbachev's propaganda has really reached people."

Does this mean that NATO is about to accept an offer it should refuse? Not necessarily. The nonnuclear threat from the Warsaw Pact, many defense experts charge, is vastly inflated by a defense establishment conditioned to crying wolf in order to boost budgets. Fears of NATO vulnerability are largely based on paper comparisons of tanks, divisions, aircraft, artillery and other weapons. But "bean counting," as that tallying process is called, does not show the whole picture.

One of the most often cited authorities on Warsaw Pact strength, for example, is *Soviet Military Power*, the Pentagon's

glossy guide to the Red menace. The latest edition gives the Warsaw Pact 230 divisions, compared with only 121 for NATO. Confined to footnote, however, is the vital information that a Warsaw Pact division contains fewer troops than its NATO equivalent—in fact, only 11,000 vs. 16,000 for NATO. The book correctly points out that Warsaw Pact divisions are heavily armed but neglects to note the superior logistics, training and overall battle management of NATO divisions. The Pentagon's bean count also ignores French and Spanish forces because these do not come under direct NATO command. Yet France's army, with 296,000 troops, including three armored divisions stationed in West Germany, is one of the largest in the alliance and is firmly committed by treaty to NATO's defense. The troops of the Soviet Union's East bloc allies, whose divisions are included in the Warsaw Pact totals, are thought to be considerably less reliable.

Defense experts point out that what really counts in terms of repelling a Warsaw Pact attack is not the overall balance of forces but the lineup in Europe's so-called central region, which includes East and West Germany and parts of Czechoslovakia and Poland. Soviet military doctrine calls for swift victory in this critical zone before the West's economic might and manpower advantage could be fully mobilized. Yet a tally of combat-ready forces in the central zone gives the Warsaw Pact just under 1 million troops, slightly fewer than the number deployed by NATO. The Warsaw Pact has an advantage in tanks—14,000 to NATO's 9,700—but that

edge is smaller than for Europe as a whole. "The Soviets cannot be confident of winning, even with a blitzkrieg," says former U.S. Defense Secretary Harold Brown. And if Soviet commanders also factor in the possibility that a successful attack might trigger a full-scale nuclear conflict, then an assault looks even less attractive. Says Brown: "They'd be nutty to try."



## World

SOUTH AFRICA

### Commandments Without Moses

*Abandoning his Principles, Sullivan wants U.S. firms to pull out*

When it comes to winning battles, firepower, tactics, readiness, morale, leadership and even luck can have more to do with success than mere numbers. It is difficult to tell which side is ahead in these factors, but NATO may have an edge in some nontangible categories. Its weapons, on the whole, are more sophisticated than their East bloc equivalents. The Soviets are said to be closing the quality gap, though many Western defense experts dispute that claim, given the poor performance of Soviet equipment in recent Third World conflicts. During Israel's 1982 invasion of Lebanon, for instance, Syria lost 80 Soviet fighter planes, while shooting down only one of Israel's U.S.-made aircraft. When it comes to tank armies, the majority of NATO's side are up-to-date main battle tanks, such as the U.S. M-1 Abrams and the West German Leopard 2, while the latest Soviet models, the T-64, T-72 and T-80, represent only about one-third of the Warsaw Pact total. As a result, East bloc tanks are generally less reliable, sophisticated and mobile than their NATO counterparts and have a lower rate of fire. "If our tanks can fire twice as fast as theirs," asks a U.S. armor expert, "doesn't that wipe out their advantage?"

Similarly, NATO may be outnumbered on paper in combat aircraft, but its pilots are superior to and its aircraft more sophisticated across the board than the Warsaw Pact's. Western aircraft can fly more combat missions because they can refuel, rearm and be repaired faster. They also operate under worse weather conditions, allowing them to provide the air superiority that would be essential for defeating the Warsaw Pact on the ground.

NATO has some genuine disadvantages as well. Allied aircraft could be shot down in droves by their own side because NATO has yet to deploy a reliable means of enabling its air defense forces to identify friendly planes. On the ground, NATO defenses could be crippled by shortages of ammunition, reinforcement problems and rear area attack by Soviet special forces. And the Soviets' new "reactive" armor, which can detonate an incoming antitank missile prematurely, could make many NATO antitank weapons obsolete. But perhaps a greater shortcoming, say some defense experts, is the Western military's tendency to promote the appearance of irremediable NATO inferiority. That perception can send dangerous signals to the East while undermining the West's will to defend itself. "INF reductions need not reduce our security, but doomsday talk about it could," warns a top alliance analyst. With Europe's nuclear missiles due for a drastic cutback, NATO defense planners will have to move from counting their beans to watching their words.

—By Christopher Redman.

Reported by Bruce van Voorst/Washington, with other bureaus

He preaches regularly from the pulpit of a Philadelphia church, but his most noted sermon is a code of conduct for Americans doing business in South Africa. A decade ago, the Rev. Leon Sullivan, a Baptist clergyman and civil rights leader, formulated a set of antiapartheid principles that came to be adopted by a majority of U.S. companies operating in that troubled land. Last week Sullivan called a press conference in Washington to announce a dramatic change in strategy. Because the so-called Sullivan Principles had failed to bring an end to apartheid, he declared, he had concluded that all American firms should leave South Africa and that the Reagan Administration should

news media, philanthropic and education programs and black-owned businesses.

In Pretoria, Foreign Minister Roelof ("Pik") Botha declared that South Africa could not "allow itself to be threatened in this way." The Reagan Administration took milder exception to Sullivan's announcement, saying that "it is now more important than ever for U.S. firms to stay and work for an end of apartheid." Several U.S. companies suggested they would continue to follow the Sullivan Principles. Asked whether the guidelines could endure without Sullivan, the clergyman quipped, "Well, they kept the Ten Commandments without Moses."

Sullivan is convinced the government



The State President grips the hand of Mayor Mahlatsi after touring the Sharpeville area

*In a place made famous by bloodshed, a symbolic effort to gain black support.*

break its remaining trade and diplomatic ties with that country.

Sullivan's original view had been that U.S. firms were justified in remaining if they stressed desegregation in the workplace, strengthened the training and promotion of black employees and pressed for improvement in black health care, housing and education. Today 127 of the nearly 200 U.S. companies still in business in South Africa subscribe to the Sullivan Principles, and many U.S. executives believe those guidelines have had a major influence on South African society.

Sullivan does not. Discouraged by the results of the recent whites-only elections that produced a sharp turn to the right, he concluded that more drastic measures were needed. In addition to demanding the withdrawal of U.S. firms, Sullivan maintained that American companies should stop supplying South Africa with components and should end licensing agreements in that country. The only exceptions, he continued, should be for the

of State President P.W. Botha is "pushing back even the reforms that have been made." But last week Botha made a symbolic effort to gain black support by visiting the district of Lekoa, whose precincts include the township of Sharpeville. In 1960 police gunned down 69 blacks in Sharpeville when they staged a peaceful demonstration against the pass laws, which were repealed last year. The mayor of Lekoa, Esau Mahlatsi, urged Botha to allow blacks to enter Parliament, while the President in turn asked townspeople to resist "the influence of radicals and fanatics." Though Botha drew cheers from black crowds during his visit, other blacks were furious at Mahlatsi for letting the white leader in the door. Referring to the mayor's presentation of "the freedom of Lekoa" to his distinguished visitor, the *Sowetan* demanded in an editorial, "Does it not strike you as odd that black councilors should be giving away something they do not have—freedom?"

—By William E. Smith.

Reported by Ricardo Chavira/Washington and Bruce W. Nelan/Sharpeville



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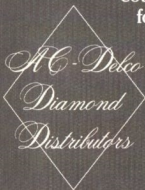


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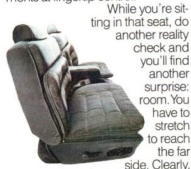
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# B U I C K

BRITAIN

## Headed for the Finish Line

*The Tories fight the queasies and a buoyant Kinnock*

**A**s Neil Kinnock burst exuberantly into Darlington's Dolphin Center gymnasium, 1,000 supporters jumped up with a whoop. His right fist pumping air like a boxer who has just knocked out the champ, the Labor Party leader strode to the podium to accuse the Conservative government of creating a "divided kingdom," with islands of affluence surrounded by poverty. Campaigning in Edinburgh, Prime Minister Margaret Thatcher responded that economic prosperity would "vanish like a dream" if Labor were elected. "Personal abuse," she added disdainfully, "signals panic."

The Labor Party was anything but panicky, though, as the campaign moved toward Thursday's election. Unlike its effort under Michael Foot four years ago, Labor under Kinnock has waged a slick

The government already has them. "We've run a miserable campaign," conceded a prime-ministerial colleague. One factor was the heavy security for the Prime Minister, the target of recent threats by the Irish Republican Army. She has been surrounded by plainclothes police in bullet-proof vests, and her schedule has been kept secret until the last moment.

Some senior Conservatives accused Party Chairman Norman Tebbit of poor organization, arguing that the government failed to control the issues and too often campaigned defensively. Other Tories fretted that Labor's advertising, notably the ten-minute television broadcasts allotted free to each party, was superior. One program, a profile of Kinnock by Hugh Hudson, director of the Oscar-winning *Chariots of Fire*, portrayed the Labor

ders. For her part, Thatcher viewed an antique-doll collection, climbed aboard an amusement-park ride and sipped a beer at a Scottish brewery.

In its final days, the campaign also grew ugly. Kinnock called Thatcher a "would-be empress" surrounded by "spineless sycophants and doormats." Thatcher responded, "They are accusing us of having the guts and spine to put our policies forward." Both candidates traded charges about who would run the country's economy, schools, housing and National Health Service better. Thatcher, for example, defended private health coverage as "absolutely vital," so that she could go to the hospital "at the time I want and with the doctor I want." Michael Meacher, Labor's chief health spokesman, called that a "callous, inhumane and selfish" stance.

With the race focusing increasingly on the Tories and Labor, the Alliance was struggling. Its leaders, Liberal David Steel and Social Democrat David Owen, still hoped to hold the balance of power in a "hung" Parliament in which neither of



Sharing a platform: the Alliance's Owen and Steel in Nottingham



Meeting the people: Labor's boss and his wife Glensie in Teesside

campaign that had its leaders exuding confidence. "We are closing fast," claimed Kinnock. Indeed, some polls did show the Tory lead sagging. A Gallup survey last week revealed support for the Conservatives dropping by four points, to 40.5%, compared with Labor's 36.5% and the Social Democratic-Liberal Party Alliance's 21.5%. Thatcher nonetheless seemed destined to become the first Prime Minister in this century to win three consecutive terms. "There's no doubt whatsoever that the Tories are maintaining a 7%-to-8% lead," said Robert Waller of Harris Research, polltakers for the Conservatives, whose figures projected a 40- to 50-seat government majority in the 650-member House of Commons. "Labor's won the campaign, but Thatcher's going to win the election," predicted Robert Worcester, managing director of the MORI polling firm, whose latest survey gives the Tories 43% of the vote to Labor's 32%. "But it will narrow enough in the final days to give the Tories the queasies."

leader as compassionate toward the young, old and disabled while tough on militants in his own party. Shortly after it was shown, Kinnock's rating as an "impressive campaigner" shot up 19 points.

The Tories upstaged both Labor and the Alliance by having Andrew Lloyd Webber, composer of *Evita* and *Cats*, write a campaign tune titled *It's Great to Be Great*. Party Chairman Tebbit proudly labeled the music "brand new, not second hand," like Brahms' *Fourth Symphony*. Labor's theme, or the Alliance's *Trumpet Tune* by 17th century Composer Henry Purcell. All in all, many Britons agreed with Independent Television News' Jon Snow, who declared, "The campaign has become Americanized." Labor put on a strong show by adopting staged events, photo opportunities and other techniques refined by Thatcher four years ago. Last week, for example, Kinnock swung a cricket bat, signed a shovel at a muddy construction site and carried a six-year-old girl on his shoulder

their two rivals had an outright majority, but that possibility receded as their campaign failed to ignite. Steel and Owen added to their problems by disagreeing over possible participation in a coalition government. Steel called it "unimaginable" to support the Tories, while Owen wanted to keep all options open. They patched up the split, but Thatcher and Kinnock dismissed the coalition prospect out of hand. Said Kinnock: "There'll be no deal, no horse trading."

Thatcher was interrupting final campaigning Monday to fly to Venice for a quick stop at the economic summit and a private meeting with Ronald Reagan. She made a similar trip four years ago to the Williamsburg, Va., summit, returning to find that her gesture of statesmanship had led to a boost in the polls, assuring her within days of her second victory. Venice may prove to be the ultimate photo opportunity. When the battlefield is imagery, that could be enough to cinch No. 3. —By Christopher Ogden/Darlington

## World

SOUTH KOREA

### Old Friends

*Chun chooses his successor*

**T**he nominating convention was a week away. The election would not be held for months. But in the authoritarian political system of South Korea, the vote that counts most is that of President Chun Doo Hwan, 56. Last week Chun gave his official blessing to the man who will likely be South Korea's next President: Roh Tae Woo, 54, a retired army general and chairman of the ruling Democratic Justice Party.

The South Korean leader made his long-awaited choice of a successor before a dinner at Blue House, the presidential residence, attended by the 29-member central executive committee of the D.J.P. Though party officials burst into cheers, the President's own praise of his designated successor was understated. Chun said merely that Roh would make a good President because he is "knowledgeable in security affairs and has wide experience in national administration."

Once he is officially chosen as the government's candidate, Roh will stand for election before a college of electors that is expected to be dominated by the military-backed ruling party. Opposition leaders have threatened to boycott the vote, which should come next winter, and have called for direct presidential elections. Under the existing electoral-college system, Chun, who will step down in February, won 92% of the vote in 1981.

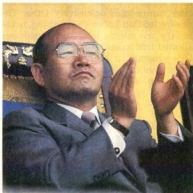
South Korea has been plagued in recent months by student-led demonstrations demanding direct elections. Chun intensified the opposition to his regime by declaring on April 13 that no constitutional reform would be considered until after the 1988 Summer Olympic Games in Seoul. Though Roh has a reputation as a conciliator, the opposition Renunification Democratic Party dismissed his selection by Chun as "just another act in the political script of the ruling party designed to extend power."

The modest and somewhat bookish Roh is one of Chun's oldest associates and few close friends. They graduated together from the Korean Military Academy in 1955, and both served with the South Korean military contingent during the war in Viet Nam. After President Park Chung Hee was assassinated by the head of the Korean Central Intelligence Agency in 1979, Roh's troops were instrumental in carrying out the military coup that brought Chun to power.

Since he retired from the military in 1981, Roh has held several posts in Chun's Cabinet. From 1984 to 1986 he was chairman of the Seoul Olympic Organizing Committee. But until recently, his nomination for the presidency was by no means assured. Within Chun's inner cir-



Designee: cautious to a fault



Designator: confident and unbending

*The President's praise was understated.*

cle, Roh vied for power with Prime Minister Lho Shin Yong and Chang Se Dong, head of the Agency for National Security Planning, successor to the KCIA. Of the three, Chang, also a former general, seemed to wield the most power. But two weeks ago, both Chang and Lho were knocked out of the race when Chun dismissed them from office as part of a Cabinet reshuffle brought on by the torture death of a student and the subsequent cover-up scandal.

Chun's designated political heir is described as somewhat less imposing than the confident and unbending leader who anointed him. Says one insider: "If you meet Chun for 30 minutes, he speaks for 25 and listens to you for five. In the case of Roh, he will probably speak for five minutes and listen the rest of the time." Indeed, Roh is so cautious that Opposition Leader Kim Young Sam once described his political style as "like walking on a thinly frozen lake."

After his selection by Chun, Roh reacted with seeming reluctance. "Now that this is the fate I cannot avoid facing," he told reporters, "I will devote all my body and soul to the mission." Even so, South Koreans speculated that Roh would need a lot of help from behind the scenes, help that his old friend Chun would be more than happy to provide.

—By Michael S. Serrill. Reported by Barry Hillenbrand and K.C. Hwang/Seoul

SRI LANKA

### Bearing Gifts

*India intervenes in a civil war*

**A**fter a week of fighting, Sri Lankan troops had battled their way up Jaffna Peninsula, ousting ethnic Tamil separatists from a number of strongholds in the northern tip of the island nation. The cost was high: as many as 200 civilians believed dead and thousands more left without food. But, said a high-ranking official in Colombo, the capital, "we were winning."

Suddenly, in an unambiguous show of support for the rebels, the Indian government of Prime Minister Rajiv Gandhi, which up until then had been trying to mediate the civil war, dispatched 19 fishing boats laden with food and medical supplies across the Palk Strait to the battle zone. Condemning the shipment as interference in its internal affairs, Sri Lanka sent naval vessels to intercept the convoy, which was turned back after a tense confrontation in mid-strait.

Undeterred, Gandhi ordered five of the Indian air force's Soviet-built An-32 transports, escorted by four French-built Mirage-2000 fighter jets, into Sri Lankan airspace to drop 25 tons of "humanitarian relief supplies" onto Jaffna. Colombo immediately charged that the airlift was a "naked violation of Sri Lanka's sovereignty and independence." India insisted that the move was needed to meet the "continuing deterioration" of Sri Lanka's Tamils, a condition Colombo denies.

India's decision to intervene so visibly in the civil war apparently slowed the Sri Lankan government's military campaign. Though Tamils make up only 18% of the island's 16 million people, the separatist guerrillas have found support and safe haven among the 50 million Tamils living across the strait in the Indian state of Tamil Nadu. Last week's airlift seemed to indicate that Gandhi was giving in to pressure from Indian Tamils to intervene more actively in Sri Lanka. Said an official in Colombo: "Whatever India may say about humanitarian aid, what they actually wanted was a halt to the offensive. They have done that."

Unable to provide the swift military victory demanded by the island's Buddhist Sinhalese majority, Sri Lankan President Junius Jayewardene may now try to appease that constituency by continuing to stand up to India, though he will surely try to avoid provoking a military response that would topple him from power. He also faces the problem of preventing Sinhalese anger from erupting into bloody race riots, such as those in which an estimated 1,000 Tamils were massacred in 1983. "Rajiv Gandhi may have acted out of domestic compulsion," said a Sri Lankan official, "but he doesn't seem to realize that he has taken this country to the brink of disaster." ■

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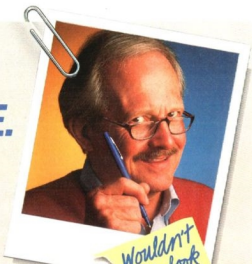


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## World Notes



Fallen leader: Karami's funeral in Tripoli



Villain's wife: Li Shuxian in Peking after surprise victory



Show-off: Cicciolina in Rome

### LEBANON

## A Rare Bird Dies in Flight

He was an avid collector of rare birds, but he himself was perhaps the rarest bird of all: a seasoned, moderate Lebanese politician of nearly 40 years' experience who was trusted by most of his country's warring factions. By the time he was assassinated last week, in the explosion of a bomb aboard his military helicopter, Rashid Karami, 65, had served ten times as Lebanon's Prime Minister. The country's Maronite Christian President Amin Gemayel—whose brother Bashir had been killed by a bomb in 1982—quickly named another Sunni Muslim, Selim Hoss, as acting Prime Minister. Suspects in the murder ranged from Christian Phalangists to Shi'ite radicals. At week's end Parliament Speaker Hussein Husseini, the government's ranking Shi'ite Muslim, resigned to protest the killing.

### CHINA

## Defiant Vote For a Reformer

No longer allowed to take to the streets as they did during last year's huge pro-democracy rallies, Peking University students have taken to the polls to send a defiant message to the

Communist Party's conservative bureaucracy. Though largely ceremonial, China's District People's Congresses are the only government bodies to which officials are elected by popular vote. Two weeks ago, student residents in the university district overwhelmingly elected to their local assembly Li Shuxian, whose husband Astrophysics Professor Fang Lizhi was purged from the party for inspiring the demonstrations. Despite the protection of powerful reformist officials, Fang has become a chief villain in the conservative campaign against "bourgeois liberalization." The election throws a delicate and perhaps dangerous weight into the country's teetering balance between reformers and conservatives.

### CANADA

## The Dawn of a New Family

Bleary-eyed but triumphant at 5:40 a.m., Canada's ten provincial premiers and Brian Mulroney, the Federal Prime Minister, emerged from a 20-hour negotiating session last week and proclaimed that their country was finally one. Back in 1982, after 115 years of British stewardship, Canada's constitution had been given over to Ottawa's direct control. But the French-speaking province of Quebec refused to sign the charter, charging that then

Prime Minister Pierre Trudeau was using the document to dilute French Canada. In April of this year, Mulroney and the provinces hammered out a delicate agreement recognizing Quebec as a "distinct society" and permitting it a larger degree of autonomy. Yet some premiers soon had qualms over the favors granted French Canadians and forced Mulroney into last week's marathon renegotiation. By sunrise, there was accord on provincial rights, and the premiers signed the constitution. "Today," said an ecstatic Mulroney, "we welcome Quebec into the constitutional family."

### HOSTAGES

## Silence Greeted A Birthday

The small item appeared in the London *Daily Telegraph* on June 1: "The family and friends of Mr. Terry Waite, the Archbishop of Canterbury's envoy, missing in Lebanon, said special prayers to mark his 48th birthday yesterday." Prayers were among the few words being spoken about the fate of Waite and the 22 other foreign hostages in Beirut. In Western capitals, officials were cloistered. British Foreign Secretary Sir Geoffrey Howe did say, however, that there is no reason to believe Waite is "not still alive."

In Lebanon, while no new hostages have been seized, a

leader of the Islamic radicals made a chilling prediction. Said he: "The kidnapers have an interest in freezing this until the American and French elections in 1988."

### ITALY

## Just the Bare Facts, Signora

Among the 10,907 contenders for 945 legislative seats in next Sunday's rational elections, no other candidate receives the coverage accorded Ilona Staller, 37. Under the banner of Italy's small Radical Party, Staller provocatively proclaims that "more pornography equals knowledge and nonviolence." But the flashbulbs really start popping at her rallies when Staller, a porno star better known as "Cicciolina," rolls down the top of her tight hot-pink dress and buttresses her rhetoric with a fulsome display of physical eloquence. While campaigning, the half-clad Cicciolina embraces many of her admirers. Her slogan: "Let's have pleasure. Let's spread happiness." Her pitch against nuclear energy: "I warm myself with the sun and with love."

Staller says she receives 150 letters a day, most proposing marriage. "I would never vote for her," says Francesca Melandri, a screenwriter and feminist. "Yet I understand the Radical's message. Even a porno star is more virginal than most politicians."

COVER STORIES

# The New Mr. Dollar

*Fed Nominee Greenspan faces tough challenges at home and abroad*



The office is ornate and spacious but nothing at all special by Washington standards. Yet the 27-ft. by 16½-ft. second-floor sanctum in the marble-clad Federal Reserve Board building on Constitution Avenue has a unique feature: from behind its cluttered wooden desk, the occupant has a breathtaking view of almost every hazard that currently confronts the U.S. and world economies. In the foreground is the distressingly weak dollar, which threatens to push the inflation rate out of control once again. In the middle distance: sluggish levels of U.S. and world growth that could easily tail off into global recession, especially if American interest rates, already on the rise, should climb too high. In the background is the ugly accumulation of Third World debt, an unstable mass that if not properly managed could still crush the world financial system.

No wonder then that a wave of nervousness swept through financial markets last week when Ronald Reagan announced an epochal change at the Federal Reserve Board, the chief government authority for setting U.S. monetary policy. Political leaders, investors and currency traders in every part of the globe were understandably concerned that a new and untested man was being entrusted with the fate of the dollar, the course of U.S. interest rates and quite possibly the prosperity of the world economy. The change was all the more dramatic because it removed from the scene a commanding figure who in eight years has earned a heroic reputation and the profound trust of the international financial community as the world's foremost inflation fighter and its top central banker.

Just before leaving Washington for this week's Venice summit for leaders of the major industrial nations, the President said he had accepted with "great reluctance and regret" the resignation of Federal Reserve Chairman Paul Volcker, 59, effective in August at the end of his second four-year term. His successor, and thus the new Mr. Dollar, will be Alan Greenspan, 51, a highly regarded private economist (and longtime member of TIME's Board of Economists) who served as chairman of the Council of Economic Advisers during the Ford Administration.

Said Greenspan last week, after revealing that it took him "milliseconds" to accept the President's job offer: "Under Paul's chairmanship, inflation has been effectively subdued. It will be up to those of us who follow him to be certain that those very hard-won gains are not lost."

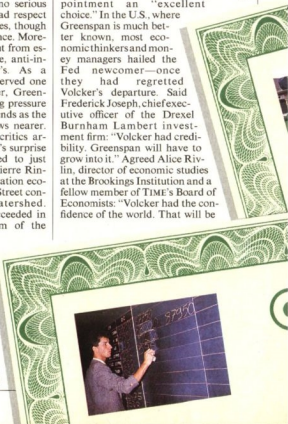
Greenspan admitted that it would be a "major challenge to fill Volcker's shoes." By law, the activities of the Fed are insulated from White House or congressional interference, but Volcker's imposing presence (he is 6 ft. 7 in.) and his supremely assertive stance have over the years added more substance and clout to the Fed's famed independence. Indeed, in many foreign capitals, Volcker has been viewed as virtually the sole guarantee of sound American monetary policies, immune to political pressure. One commentator went so far last week as to describe him as a "financial demigod."

His successor, whose confirmation by the Senate should encounter no serious obstacles, also enjoys widespread respect in international economic circles, though he has no central bank experience. Moreover, his economic views are cut from essentially the same conservative, anti-inflationary fabric as Volcker's. As a Republican who has already served one Republican President, however, Greenspan is bound to face increasing pressure to bend his actions to political ends as the 1988 presidential election draws nearer. Indeed, some Administration critics argued last week that Greenspan's surprise appointment already amounted to just such political meddling. Said Pierre Rinfret, a former Nixon Administration economic adviser and now a Wall Street consultant: "It's a real watershed. President Reagan has now succeeded in turning the Fed into an arm of the Administration."

Most experts would consider that charge hyperbolic if not downright false. Still, the change at the Fed was unsettling enough to cause considerable zigzagging in world financial markets. Within minutes of Reagan's announcement, the Dow Jones average of 30 industrial stocks dropped 22 points, and bond prices suffered their worst one-day drubbing in more than five

years. But the Dow bounced back by 42.47 the next day and closed on Friday at 2326.15, up 34.58 points for the week, while bond prices also recovered much of their loss. In Tokyo the U.S. dollar, which has lost about 30% of its value against the yen in the past 18 months, tumbled quickly from 145 to the dollar to 142.5 before rebounding to finish the week at 143.6. In Paris, the dollar dropped nearly 2% against the French franc in a matter of hours, but later gained back half of its lost value.

Verbal reaction followed the same down- and upbeat course. *Nihon Keizai Shimbun*, Tokyo's respected business daily, headlined an editorial VOLCKER'S RESIGNATION IS VERY REGRETTABLE. But Takeshi Ohta, deputy governor of Japan's central bank, said with evident satisfaction, "Mr. Greenspan is the best successor that the President could have chosen." British Chancellor of the Exchequer Nigel Lawson called Greenspan's appointment an "excellent choice." In the U.S., where Greenspan is much better known, most economic thinkers and money managers hailed the Fed newcomer—once they had regretted Volcker's departure. Said Frederick Joseph, chief executive officer of the Drexel Burnham Lambert investment firm: "Volcker had credibility. Greenspan will have to grow into it." Agreed Alice Rivlin, director of economic studies at the Brookings Institution and a fellow member of TIME's Board of Economists: "Volcker had the confidence of the world. That will be



the hardest thing for Greenspan to build."

Amid the welcomes there were a few voices of caution. Henry Kaufman, a partner at the Salomon Brothers investment firm and one of Wall Street's most famed Cassandras, warned that Greenspan's appointment in the short haul "is a negative both for the dollar and for interest rates." Allen Sinai, chief economist at the Shearson Lehman Brothers investment house, noted that Greenspan "does not have much experience in international finance."

To ordinary Americans, much of the fuss about the appointment may have seemed puzzling. Significant as the Fed chairman's actions have often been in U.S. monetary history, the management of the nation's central banking system is shrouded in obscurity. The chairman of the Board of Governors of the Federal Reserve System is one of seven presidential appointees who as a group oversee 25 branches of the central bank, which is organized into twelve districts nation-

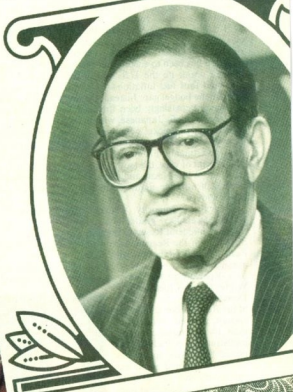
wide.\* Ordinary governors serve 14-year terms, while the chairman is chosen for four years. One purpose of the board is to regulate the behavior of large bank holding companies. Numerically, those concerns make up only about 45% of all U.S. banks, but they account for more than 90% of all bank deposits.

By far the Fed's most important mission is to manage the supply of money and credit in the banking system. By controlling the amount of cash available to banks, the Board of Governors affects interest rates and ultimately influences the level of inflation. The discreet actions of the Fed chairman and his colleagues

have an impact on everything from the price of bread to the interest rate on a home mortgage.

In Federal Reserve decision making the chairman's vote theoretically counts equally with those of the other governors. But in practice the board has traditionally tended to follow the lead of the chairman. In the past, figures like William McChesney Martin Jr. (chairman from 1951 to 1970) and Arthur Burns (1970 to 1978) have become nationally renowned monetary policymakers. Volcker may have earned an even mightier reputation for bringing the inflation rate down from 13.3% in 1979, the year he was appointed, to 1.1% in 1986. He consistently managed to persuade the other Fed governors to go along with tough and often unpopular policies. His

\*The other governors: Kansas Banker Wayne Angell, 59; California Economist H. Robert Heller, 47; Manuel Johnson, 38, a former U.S. Treasury official; Houston Businessman Edward Kelley, 55; Martha Seger, 50, a former Michigan bank regulator. One board seat is currently vacant.



## UNDER VOLCKER, INFLATION WENT FROM 13.3% IN 1979...

Percent change in CPI, Dec. to Dec.

skills with the board, the public and politicians inspired Economist Jack Albertine, vice chairman of Chicago-based Farley Industries, to call Volcker the "shrewdest bureaucrat in Washington since J. Edgar Hoover."

Another reason for Volcker's status, though, was the absence of any coherent U.S. fiscal policy during most of his tenure. While he presided at the Fed, the U.S. growing budget deficit steadily ballooned, eventually reaching a record \$221 billion last year. This year the deficit is expected to shrink only to a still terrifying \$175 billion. Volcker's great contribution has been to ensure that the Fed did not crank up the U.S. money supply—and thus fuel inflation—to accommodate the budget gap. Instead, the deficits have increasingly been financed by foreigners, chiefly Japanese, who in turn have looked to Volcker's continuing presence as a guarantee of the stability of their investments. From the Fed chairman's point of view, the loose budget policy of the White House and Congress put the job of inflation fighting squarely on his shoulders.

For all his authority, Volcker's celebrated powers have gradually been waning at the Federal Reserve. Populist supply-siders in the Reagan Administration have never been happy with Volcker's austere monetary views. Neither, until his own departure in February, was former White House Chief of Staff Donald Regan. As members of the Reserve Board have resigned, retired or fulfilled their 14-year terms, the Administration has gradually replaced them with appointees who have favored more expansionary policies. Reserve Board insiders insist that relations between Volcker and the newcomers never deteriorated into antagonism. But, says one, "he obviously didn't have the control he had before."

A sign of the change is that Volcker went along with a gradual reorientation of Fed policy toward pepping up economic growth. In 1986 the Reserve Board let the basic money supply grow at a 16%

annual pace, far above Volcker's original target limit of 8%. That money spurt, along with the weakening dollar, has let inflation edge up this year and may have sown the seeds of future rises that could nullify part of Volcker's celebrated victory against spiraling prices.

Knowledge of the underlying tension at the Fed led many to speculate last week that Volcker had been squeezed out of his job. The outgoing Fed chairman tried to squelch the gossip at President Reagan's press conference announcing the Greenspan appointment. Said Volcker: "I had no feeling that I was being pushed." On the other hand, Treasury Secretary James Baker muddled the waters slightly with an assertion that several attempts had been made "at my level" to get Volcker to stay on for a third term. The implication could be—and was—drawn that Reagan himself had declined to ask Volcker to remain.

The process of Volcker's departure actually began in March, immediately before Washington's annual Gridiron Dinner for an elite roster of media figures and politicians. Newly appointed White House Chief of Staff Howard Baker, a longtime Volcker supporter, bumped into the Fed chairman at a reception. Said Volcker: "Howard, I guess it's about time I came over and talked to you and the President." Baker's reply: "That's fine." He invited Volcker to set an appointment

anytime to discuss his future at the Fed.

Volcker called on May 19 to ask for a meeting that was set for seven days later. The get-together was originally scheduled for Baker's office in the White House West Wing, but the Fed chairman did not want to be spotted entering the building. Instead, he asked Baker to travel to his own Constitution Avenue headquarters, and to use the garage entrance. When the chief of staff arrived, Volcker quickly passed on the news: "I don't want to be reappointed." Baker's reaction was, "The President will be disappointed." He tried to get Volcker to reconsider. "Paul, you really ought to think about this. It's important for the President, and it's important for the country." Finally Baker suggested that Volcker, an avid fly fisherman, consider the matter further during a planned weekend fishing trip. Volcker agreed.

While Volcker fished, Baker, along with Secretary of State George Shultz (himself an international economist) and Treasury Secretary Baker pondered alternatives. Greenspan's name topped their list. Second came Deputy Secretary of State John Whitehead, 65, a well-known expert on international monetary matters, before joining the State Department he was a highly successful investment banker at the Manhattan-based firm of Goldman Sachs. Third on the list was Beryl Sprinkel, chairman of the Council of Economic Advisers. Shultz and James Baker discreetly sounded out the two top choices about their availability for the Fed job.

After returning to work, Volcker asked for an audience with Ronald Reagan. Both the Treasury Secretary and the chief of staff were in attendance as Volcker sat down last Monday afternoon with the President in his yellow-and-white sitting room on the second floor of the White House. Related Chief of Staff Baker afterward: "The President went into that meeting prepared to ask him to reconsider."

Reagan began briskly. Said he: "I understand from Howard that you don't want to be reappointed." When Volcker concurred, the President started to ask the Fed chairman to think yet again. But he was interrupted by Volcker, who pulled his letter of resignation from a pocket and began to summarize its contents. As President Reagan heard that some of Volcker's reasons were personal, he declared, "I've got a policy that I never try to talk anyone out of leaving Government for personal reasons." All four men then discussed Volcker's successor and, with the Fed chairman's approval, quickly settled on Greenspan.

Informing the economist of the decision took a little longer. When tracked down by the White House switch-



The President announces a changing of the guard at the central bank



A scene that will not be repeated after August: Chairman Volcker, center right, presides over the most recent Fed Board of Governors meeting

board, Greenspan was in his Manhattan doctor's office and unreachable for 20 minutes. Commented Reagan, who has seen all too many physicians during his two terms: "There's no telling what they're doing to that man." Eventually Greenspan emerged. Would he accept the job? The immediate answer was yes.

As markets adjusted to the shock of Volcker's impending absence, a new Fed-watching game had already begun. Every recent utterance by Greenspan was being scanned for inklings of his current views on inflation, interest rates and the dollar's value. By and large, Greenspan kept mum in anticipation of his Senate confirmation hearings in mid-July.

Even so, some observers tried to make much of the fact that two weeks ago in Chicago Greenspan had remarked that "over the long run" the value of the battered dollar would go "significantly lower." At last week's press conference announcing his appointment, however, he noted cautiously that there was "evidence" that the dollar's fall had bottomed out. Observed Japanese Central Banker Ohta: "Mr. Greenspan made his remark about [the falling dollar] when he was an economist, not when he was chairman-designate. So we do not have any concern about it." In his new vein of bankerly circumspection, Greenspan also declared that the "economy, at the moment, looks reasonably strong and hopefully will continue so for the indefinite future."

For the immediate future, Greenspan is likely to follow Volcker's anti-inflation policies. Says Harry Kalberman, a broker at Merrill Lynch and a close Greenspan friend: "People who think he will allow inflation to come back are fooling themselves." Agrees Jerry Jasinoski, chief economist of the National Association of Manufacturers: "Philosophically, he may feel more strongly about reducing inflation than Volcker did."

Greenspan's lack of central bank experience does not bother experts like Salomon Brothers' Kaufman. Mindful of Greenspan's reputation in Republican and Wall Street circles, he says the chairman-designate "has the standing in Washington to deal forcefully with other Federal Reserve Board members."

Indeed, some Fed watchers think

Greenspan may become more influential than Volcker has been, at least recently. Says Robert Hormats, a vice president of the Goldman Sachs investment firm and an economic adviser in four Administrations: "The markets have made a mistake if they think the White House may have more influence on the Fed. It will be the other way around." Hormats' reasoning: Volcker's commanding manner and banker's jargon may have been off-putting to Reagan. Greenspan, on the other hand, has a gift for rendering economic concepts in the kind of uncomplicated language beloved by the folksy President. Greenspan may try to coax Reagan, for example, to accept a tax increase in the fight to cut the federal budget deficit.

**T**he strongest difference between Greenspan and Volcker is likely to be in the area of banking deregulation. Volcker was chary about tearing down regulatory barriers that divide U.S. commercial banks and securities houses, a distinction enshrined in the 1933 Glass-Steagall Act. Greenspan, on the other hand, is an enthusiastic deregulator. He also brings his free-market enthusiasm to the issue of Third World debt. Volcker pioneered in that area by promoting concerted action by government and international authorities, along with private banks. Greenspan is more likely to applaud such market-oriented maneu-

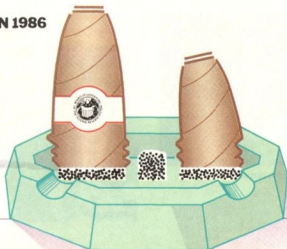
vers as swapping bank loans for equity stakes in the domestic industry of debtor countries.

More than underlining his differences with Volcker, however, Greenspan must stress his similarity in one major respect: unwillingness to be manipulated for partisan political purposes. Says John Heimann, vice chairman of Merrill Lynch Capital Markets and a former U.S. Comptroller of the Currency: "The most important thing he has to do is give the markets convincing evidence that he is free of influence from the White House." Without that evidence, foreign investment in U.S. securities, a crucial factor in underwriting the budget deficit, might well dry up. That in turn would undoubtedly lead to a vicious spiral of increased interest rates to woo back the creditors, resulting ultimately in a slowdown of economic growth and the deleterious prospect of U.S. and possibly even global recession.

Greenspan, of course, is fully aware of all that. He knows that playing politics with the economy could be disastrous. Preserving financial stability during these uncertain and jittery times would have been difficult enough for Paul Volcker, and it will be doubly daunting for Alan Greenspan as he proves his mettle to anxious money men around the world.

—By George Russell, Reported by Jay Branagan/Washington, Barrett Seaman/Venice and Frederick Ungeheuer/New York

...TO 1.1% IN 1986



# A Conservative Who Can Compromise

*Greenspan is equally adept at number crunching and jawboning*



After his nomination last week, the economist stretches out in his Manhattan apartment



Alan Greenspan has always been bold enough to make momentous changes in his life. After studying music at Manhattan's prestigious Juilliard School and touring for a year as a clarinet and saxophone player in a dance band, he decided at age 19 to forsake his musical career for college and the arcane discipline of economics. Eight years later, while studying for his Ph.D. at Columbia University, Greenspan abandoned academia to become a partner in a new consulting firm. In 1974, having never held a government position, the economist waltzed into Washington as chairman of President Gerald Ford's Council of Economic Advisers—just in time for the worst recession in postwar history.

The man who will now become the next chairman of the Federal Reserve Board has proved forceful and adroit in adapting to most of the roles he has played. As a conservative economist with a profound faith in the free market,

Greenspan has earned the attention of thinkers in every ideological camp. As a White House official, he displayed the dedication and dexterity needed to fashion difficult political compromises. And, unlike many economists who flourish mainly in the confines of a college classroom, Greenspan scored a solid success in the corporate world. His highly profitable, 34-year-old Townsend-Greenspan consulting firm numbers among its clients some of the largest U.S. corporations.

Personally, Greenspan is something of a study in contrasts. Soft-spoken and shy, he nonetheless cuts an impressive swath on the social circuit that revolves around Manhattan's Upper East Side and Washington's Georgetown. The economist, who favors custom-made shirts and conservative suits, can be spotted at parties thrown by the likes of Fashion Designer Oscar de la Renta and Publisher Malcolm Forbes. A longtime bachelor (a one-year marriage to Artist Joan Mitchell was annulled in 1953), Greenspan once dated Television Personality Barbara

Walters, who calls her former escort an "excellent dancer." His current companion is Susan Mills, a managing producer of the *MacNeil-Lehrer NewsHour*.

As an economist, Greenspan also resists easy classification. Though unmistakably conservative, he has never joined any of the doctrinaire factions of right-wing economics, such as the monetarists or supply-siders. He is a technical whiz who ponders computer printouts on everything from yesterday's price of steel scrap to next week's projected cost of cocoa beans. Says Frank Ikard, a former Texas Congressman who is a friend of Greenspan's: "He is the kind of person who knows how many thousands of flat-headed bolts were used in a Chevrolet and what it would do to the national economy if you took out three of them." But Greenspan can also debate larger social and political issues, a talent that eludes many of his number-crunching colleagues.

Economists who know Greenspan admire him personally and professionally. University of Minnesota Professor Walter Heller believes Greenspan has the perfect temperament for his new post. Says Heller: "He doesn't show his emotions. The Fed chairman has to have the capacity for forthright evasion and controlled obfuscation, and Alan is very good at that. [Former Chairman] Arthur Burns puffed on a pipe. Volcker puffed on cigars. Alan does not smoke, but when required, he can set up a nice smoke screen with words."

In or out of Government, Greenspan has kept a high profile. In 1985 he appeared in television commercials and newspaper and magazine ads as a pitchman for Apple's IIc computer. He makes about 20 speeches a year (his standard fee: \$22,000) and sits on the boards of six corporations, including



Greenspan, right, plays the sax in 1943

With Nixon in 1974 after being named chief economic adviser



On the links with Ford

Alcoa, Mobil and Capital Cities/ABC.

Greenspan often flashes an understated sense of humor and irony. At a TIME Board of Economists meeting in 1984, for example, he talked about the need for political leaders to hammer out a federal budget compromise behind closed doors. Said he: "The old smoke-filled room probably will have to be resurrected, even if it has a NO SMOKING sign in it."

Born in Manhattan as the only child of Stockbroker Herbert Greenspan and his wife Rose, young Alan had displayed a natural affinity for numbers by the time he was five. He could add large sums in his head and rattle off baseball players' batting averages. A mediocre student at George Washington High School, Greenspan went on to receive his bachelor's degree in economics summa cum laude from New York University in 1948. He entered the doctoral program at Columbia University, where he came under the tutelage of the soon-to-be-legendary Arthur Burns. Greenspan left to go into business for himself in 1953 and never got around to completing his degree (finally granted by New York University) until 1977.

Perhaps the most important of Greenspan's early gurus was Ayn Rand, the best-selling author of novels like *Atlas Shrugged*. Though Rand is now generally viewed as a pop philosopher who was neither a rigorous nor original thinker, she was fresh and influential when Greenspan met her in 1952. The economist became taken with her theory of objectivism, which argues that society is best served by "rational selfishness," in which people act only to further their own private interests. Greenspan, who was a friend of Rand's until her death in 1982, credits the writer with teaching him that "capitalism is not only practical and efficient but also moral." During the 1960s, as a contributor to the *Objectivist*, Rand's monthly journal, Greenspan expounded some extreme economic views. "The welfare state," Greenspan wrote, "is nothing more than a mechanism by which governments confiscate the wealth of the productive members of society."

His writing was only a sideline, though. After launching his consulting

firm with partner William Townsend, Greenspan devoted his energies to building the business. This was especially evident after Townsend died in 1958 and Greenspan acquired 99% of the stock. Today Townsend-Greenspan provides a wide variety of financial data and detailed forecasts about how the economy will perform. The cost to clients: between \$15,000 and \$200,000 a year.

As an economic forecaster, Greenspan has had his share of hits and misses. In early 1986 he predicted a year-end unemployment rate of 6.6% and was right on the button. In December 1984, though, Greenspan estimated that in 1986 inflation would be running at a 6.8% rate. In fact, prices increased 1.1% last year.

A call from Nixon's 1968 presidential campaign propelled the economist into the political arena. As the candidate's director of domestic-policy research, Greenspan showed he could adapt and, when necessary, subordinate his own economic opinions to the realities of politics. He proved, in short, to be a pragmatist.

**G**reenspan agreed to become chairman of the President's Council of Economic Advisers in July 1974, just a month before Nixon resigned. President Ford supported his predecessor's choice, and Greenspan took over in September. He would become one of Ford's closest advisers and a golfing partner as well.

During his tenure in the Ford White House, Greenspan recognized the perils of inflation but nonetheless had to defend an especially lame program to combat price hikes: the "Whip Inflation Now" campaign concocted by Ford. The President's calls for Americans to conserve energy and shop wisely—and wear WIN buttons—had little impact. The subject of inflation also inspired one of the most embarrassing gaffes of Greenspan's career. Speaking at a Government hearing in 1974, he declared, "Everyone was hurt by inflation. If you want to examine percentage-wise who was hurt most . . . it was Wall Street brokers." Following a public outcry, Greenspan backed off. "Obviously the poor are suffering more," he said.

Even after Greenspan left the White House in 1977, he was regularly drawn back to politics. In 1979 Edward Kennedy consulted Greenspan for advice about making a bid for the presidency. During the 1980 Republican Convention, Greenspan played an important role in the behind-the-scenes jockeying to name Ford as a vice presidential candidate on the Reagan ticket.

Four and a half years ago, as chairman of Reagan's bipartisan National Commission on Social Security Reform, Greenspan displayed his knack for forging compromise on the most sensitive of political issues. The group was charged with the critical job of recommending steps to save the Social Security system from insolvency. After 13 months the panel proposed raising the payroll tax, extending Social Security coverage and delaying cost of living increases for retired workers—all controversial measures that would be largely adopted by Congress.

While Greenspan's consulting firm has continued to thrive despite the owner's periodic political forays, at least one of his business ventures has turned sour. In 1984 Greenspan joined two partners in opening a money-management firm called Greenspan O'Neil Associates. The company, with \$3 million in backing from Talent Agent Marvin Josephson, hoped to manage pension-fund accounts. But Greenspan O'Neil never attracted enough clients, and early this year the firm closed.

Despite his hectic schedule, Greenspan occasionally finds a few hours for tennis at the Century Country Club in Purchase, N.Y. Music remains a passion. These days he listens most often to the baroque composers Handel and Vivaldi and occasionally plays the clarinet. Another favorite pastime, the economist has said, is staying in his five-room Manhattan apartment, "nibbling on things from the fridge and reading a thriller." One favorite author: Eric Ambler.

Greenspan will soon need such diversions more than ever. Of all the wrenching transitions in his eventful career, none rivals the challenge he is about to take up. —By Barbara Rudolph. Reported by Frederick Ungeheuer/New York



With Walters at a 1978 movie premiere

At a 1980 meeting of advisers to the Reagan campaign



## How to avoid paying your bills



As pitchman for Apple computers

# Last Bow for the Inflation Tamer

*Volcker shared blame for a painful recession and credit for a rosy recovery*



The chairman at his desk last week after his resignation had been announced

history. His bald pate and halo of cigar smoke became a familiar sight on magazine covers and TV screens, while his name frequently cropped up in everyday household discussions of mortgage rates and car loans. Overseas, his willingness to involve his agency in other countries' economic concerns earned the U.S. large amounts of economic goodwill. Even bankers like former Citicorp Chairman Walter Wriston, who tangled with Volcker on many issues, admired the Fed chief's willingness to do the dirty work of wringing inflation out of the system. Says Wriston: "It took guts to lock the wheels of the world, and I do not know of any other way it could have been done."

The need for Volcker's brand of inflation fighting arose during the aftermath of two oil shocks, which had sent prices zooming out of control by 1979. G. William Miller, who had served only 17 months as Fed chief, was proving ineffective against the growing crisis. Suddenly one day in July, while Treasury Under Secretary Anthony Solomon was cooling off in his backyard pool, he got an urgent phone call from President Jimmy Carter, who wanted suggestions for a new Fed boss. "Paul Volcker," Solomon replied with little hesitation. "Who's that?" Carter asked, not recognizing the name of the head of the Fed's New York branch.

Volcker's obscurity did not last long. Less than two months after he took the post, foreign fears about U.S. inflation sent the dollar into a dive. No group felt the strain more than the elite delegation of U.S. economic policymakers—Volcker among them—who went to Belgrade, Yugoslavia, in early October 1979 to try to restore the calm at a conference of international moneymen. As the unrest mounted, the U.S. delegates became "scared half to death," recalls one of



He is the most revered economic leader of his era, and yet at times he stirred fire storms of public protest. He had profound impact on a \$4.3 trillion economy but lived in a tiny \$500-a-month apartment furnished with castoffs.

He ran his agency in a notably serene and straightforward style, and still his mystique grew so potent that his every move sent global financial markets into spasmodic guessing games about what he was thinking. He towered physically above his colleagues, yet instead of lording over them and issuing orders in his basso profundo voice, he preferred to lean back in his big chair and quietly listen to other people's ideas.

There has been no shortage of irony and drama in Paul Volcker's eight-year tenure as Federal Reserve chairman. During that time, the U.S. went through

one of its deepest economic slumps since the Great Depression, as well as its second longest peacetime boom in modern times. Volcker shares in the blame—and credit—for both those cycles, but one major accomplishment was virtually all his own. He was the valiant tamer of U.S. inflation, the tightfisted money manager who stopped one of the worst price spirals in this century and made it bearable once again for Americans to go to supermarkets and shopping malls. But that was not the only reason moneymen around the world slept more restfully knowing Volcker was in charge. He was a crisis manager extraordinaire, a five-star monetary marshal who helped save the financial system from panic when it was threatened by Mexico's debt crisis in 1982 and Continental Illinois bank's near collapse in 1984.

By most accounts, Volcker ranks as the best-known chairman in the Fed's



The nadir: crowds fill an unemployment office in early 1982



Third World woe: Mexico's debt crisis erupts in August 1982

them. When Volcker arrived late for a dinner at the U.S. ambassador's residence, he found the dejected Americans just picking at their veal and peas, too preoccupied for conversation. "This is a mess," mumbled the chairman as he sat down. "Going to do something."

Indeed he did. The next morning Volcker jetted back to Washington to launch a shock treatment for inflation. On Oct. 6 he took the highly unusual step of calling a Saturday-night press conference, and there he announced a plan that would shake the world's economy: the Fed would put a choke hold on the U.S. money supply until prices stabilized, and interest rates would be allowed to go as high as necessary to do the job. The plan impressed international money men and stopped the dollar's tailspin, but the domestic result was painful. The prime rate kept racing upward, hitting a record 21.5% in December 1980. As the high cost of money began to spoil sales of homes, cars and appliances, the economy went into a deep slide. Unemployment headed toward a peak of 10.7% as millions of workers were laid off.

At that point, Volcker began getting nominations for Public Enemy No. 1. As symbols of their suffering, idle homebuilders sent him pieces of two-by-four lumber, and auto dealers mailed him keys from unsold cars. The cover of an issue of the *Tennessee Professional Builder*, a construction-trade publication, consisted of a WANTED poster of Volcker and his Fed colleagues, accusing them of "premeditated and cold-blooded murder of millions of small businesses." At one point, a gunman reportedly upset over the prime rate was arrested outside the Fed's boardroom. Howard Baker, then majority leader of the Senate, declared that the Federal Reserve "should get its boot off the neck of the economy."

Volcker and the Fed did not ease the pressure until the summer of 1982, when inflation had been throttled. But in the meantime the hardship of high interest rates had created dangerous fissures in the financial system and hastened the arrival of the Third World debt crisis. The first eruption came in August 1982, when Mexico announced it would be unable to

meet payments on its foreign debts, which totaled \$80 billion. Mexican officials, seeking emergency assistance, went to Volcker for help after they had been rebuffed by Treasury Secretary Donald Regan, who was philosophically opposed to Government intervention in the problem.

Volcker, huddling with money men from around the world, helped persuade commercial banks, the White House and international lending agencies to give Mexico a multibillion-dollar package of new loans and easier terms. That rescue plan served as a model for successive developing-country bailouts, thus lessening the threat of major defaults and financial calamity.

**A**fter the bailout of Mexico, the next major challenge for Volcker came in the summer of 1984, when Continental Illinois, once the seventh largest bank in the U.S., suffered a relentless run on its deposits after word got out about its immense pile of bad loans. To stave off a crisis, Volcker helped assemble a package of \$4.5 billion in fresh commercial-bank loans for Continental. "This is a very historic thing," remarked a New York City banker. "This is the first time the Fed has been party to any kind of statement that 'nobody is going to lose.'" While the Federal Deposit Insurance Company had to take over and reorganize the bank, Volcker's eagerness to get involved in the rescue was a confidence-building signal to the public that major U.S. banks would not be allowed to founder.

When inflation-free economic growth returned to the U.S., Volcker's image underwent a transformation. The central banker became a folk hero of sorts. Citizens started approaching Volcker on the street and thanking him for what he had done. Volcker was sitting in a coffee shop during an outing in Montana when a local rancher in a Stetson and faded jeans suddenly recognized him and ambled up. It looked as if the cowboy might be aiming to pick a fight over monetary policy, but instead he pulled out a \$10 bill and asked Volcker to autograph it.

Volcker's toughest customers in the past year or so have been the Reagan appointees on the Federal Reserve Board. In February 1986 Volcker came up on the

losing side when his colleagues voted 4 to 3 to cut the discount rate that the Fed charges on loans to member banks. The chairman likes debate, but was furious to lose a vote and considered quitting. "The second floor [where Volcker has his office] was rocking a bit," says a former assistant. Following the episode, the official who resigned was not Volcker but his rival, Vice Chairman Preston Martin.

Volcker's eventual decision to leave must have been at least partly motivated by the financial sacrifices he and his wife Barbara have made during his tenure. When Volcker originally took the post, he accepted a pay cut from \$110,000 to \$60,000. His salary has since increased to \$89,500, but that is still less than many of today's M.B.A.s earn by their late 20s. The Volckers struggled at times to support both a one-bedroom Washington residence for the Fed chairman and the family's larger Manhattan apartment. At one point Volcker's wife, who suffers from diabetes and arthritis, took a job as a bookkeeper to help pay the bills. Volcker's son James now works for a bank in New York City, and his daughter Janice, who lives in Virginia, is a nurse. In a recent interview in the *Washingtonian* magazine, Volcker admitted, "It ain't quite fair to leave a family sitting out there [when] you obviously have the possibility of assuring a little more comfort than I have done so far." One sign that Volcker was ready to make major changes in his life-style came March 18: he gave up his trademark 28c Antonio y Cleopatra cigars because both his wife and a close friend had stopped smoking.

Volcker no doubt has dozens of job offers. He could easily earn \$1 million a year at a Wall Street investment house, or perhaps much more if he started his own consulting firm. But some think he may resist the big money and go into academia instead, possibly teaching at Harvard or Princeton while picking up hefty consulting fees on the side. If he does join a university, his classes should be popular on campus. This is one professor who will have plenty of true-life adventures to illustrate on the chalkboard.

—By Stephen Koepf  
Reported by Jay Braganza/Washington  
Frederick Ungeheuer/New York



**Biggest bank bailout:** Continental Illinois suffers a panic in 1984



**The reward:** steadier prices make shopping more fun in 1987

# DISCOVER A NEW SPECIES

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## Business Notes



Setback for a drug that dissolves clots



A conglomerate for those who buy the best



Beatty, Hoffman and friends: a dry spell at the box office

### INSIDER TRADING

## Giving Back The Booty

During the first 13 months of Wall Street's insider-trading scandal, most of the culprits nabbed were individuals. But last week Kidder, Peabody, the 14th largest U.S. brokerage, became the first major institution to be penalized. Without admitting guilt, Kidder agreed to pay the Securities and Exchange Commission a \$25 million settlement—second only to the \$100 million that Arbitrator Ivan Boesky paid.

Boesky had fingered Martin Siegel, a former Kidder merger specialist who supplied the arbitrator with tips on takeovers. After Siegel pleaded guilty to criminal charges, authorities alleged that Kidder should have known what Siegel was doing. General Electric, which owns 80% of Kidder, struck the SEC deal to avoid prosecution—and to put the scandal in the past. Even as the settlement was announced, GE pumped \$100 million in capital into the brokerage.

### BIOTECHNOLOGY

## It's Time to Try, Try Again

If at first you don't succeed, go back to the laboratory. That is what Genentech (1986 revenues: \$134 million) must do

now that the Food and Drug Administration has at least temporarily rejected t-PA, the company's revolutionary new, genetically engineered drug that dissolves blood clots, which often lead to heart attacks. The FDA asked South San Francisco-based Genentech to come up with further test data in support of the company's claim that the drug can increase the survival rate of heart-attack victims.

The decision was a shocker on Wall Street, where biotechnology stocks had been big winners. After the FDA ruling, the price of Genentech's shares plunged 11½ points in one day, to 36½. By the end of last week the price stood at 37½. A domino effect also knocked down the stocks of rival biotech firms, some of which are developing drugs similar to t-PA. Such futuristic-sounding companies as Amgen, Biogen, Centocor, Cetus and Chiron saw their shares drop anywhere from 7% to 11% before recovering some of those losses.

The young industry's setback is likely to be short lived, however. Genentech is expected to win FDA authorization for t-PA, perhaps within a year or so. Says Robert Kupor, an industry analyst with the Seattle-based Cable, Howse & Ragen brokerage firm: "It's great stuff, and there's no doubt it will ultimately be approved." Once that happens, experts expect to see a \$1 billion-a-year market for clot-dissolving drugs.

### LABOR

## A Handshake Is Not Enough

When the Fort Halifax Packing Co. shut down a poultry plant in Winslow, Me., in 1981, it refused to comply with a state law that required it to give most of its 125 employees severance of one week's pay for each year worked. The firm argued that only the Federal Government could regulate employee benefits.

In a 5-to-4 decision last week, the U.S. Supreme Court rejected that view. Upholding the Maine law and opening the way for others like it, the court drew a distinction between severance—a one-time payment—and the ongoing, company-managed benefits plans that are regulated by Washington. Said Maine Attorney General James Tierney, lauding the decision: "When people give their lives to a company, they're entitled to more than a handshake."

### MERGERS

## This Bubbly Travels Well

For generations, handmade Louis Vuitton luggage and Moët-Hennessy's classic Dom Pérignon champagne—now about \$1,830 for a suitcase and \$50 a bottle—have been fixtures in castles and mansions

everywhere. In 1986 Moët-Hennessy sold \$1.34 billion worth of champagne and other luxury goods, while Louis Vuitton rang up \$291 million. Last week the two French firms, which are still family controlled, announced plans for a merger.

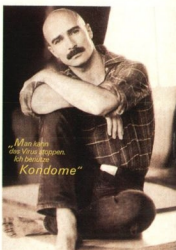
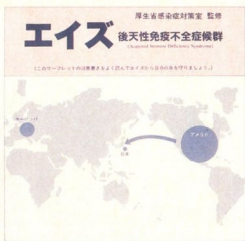
Company spokesmen said the new, bigger firm will be better able to avoid a takeover. Said Moët-Hennessy Chairman Alain Chevalier, who will head it: "It was like one of those love affairs that lead quickly to the altar." And are toasted only by the finest of champagnes.

### MOVIE-MAKING

## Thirsty Detour In the Dunes

The movie *Ishtar* features arid Moroccan dunes, so it may seem appropriate that its studio, Columbia Pictures, is thirsting for box-office receipts. In its first 19 days, *Ishtar* grossed \$11.6 million, trading on the presence of Superstars Warren Beatty and Dustin Hoffman. That sounds good, but the film cost \$45 million or more to make.

As of last week *Ishtar's* ticket sales trailed even the inane *Ernest Goes to Camp* and were not in the same class as *Beverly Hills Cop II* (\$71.6 million in 16 days) and *The Untouchables* (\$3.3 million in its first two). One consolation: Columbia hopes to recover part of its costs from sales of overseas, cable and videocassette rights.



Spreading the dire word about a global dilemma: from left, the Grim Reaper bows down victims in Australian campaign; a Japanese pamphlet targets hot

## Medicine

# At Last, the Battle Is Joined

*Washington fights AIDS with modest proposals—and heated debate*

"AIDS is surreptitiously spreading throughout our population, and yet we have no accurate measure of its scope. It is time we knew exactly what we are facing."

**W**ith those words and after months of cautious deliberation and disagreement within his Administration, President Ronald Reagan finally unveiled a plan for combatting AIDS—and further fueled the furious debate over how best to contain the virus. The question is

fast becoming one of the most hotly contested issues both in Washington and on the international political agenda. As evidence of growing concern, 6,082 AIDS researchers and public health officials from 50 countries gathered in Washington for the largest conference ever devoted exclusively to the disease.

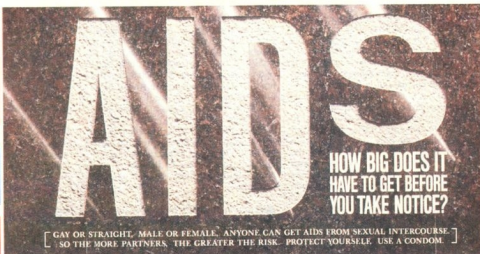
The President's remarks were one of several dramatic expressions in the capital last week of the intense national debate over a key issue involving AIDS con-

trol: mandatory testing. Reagan drew boos and hisses during a May 31 speech at a private AIDS fund-raising dinner when he urged "routine" testing of inmates in federal prisons and patients in Veterans Administration hospitals. He also asked that all foreigners seeking residence visas be screened for exposure to the virus and strongly encouraged states to test marriage-license applicants.

A day later, Vice President George Bush, echoing the themes stressed by the



Outcry against testing: protesters from a group called the Coalition for Leadership on AIDS demonstrate in front of the White House



spots; advocating condom use in West Germany; loving carefully on an Italian information booklet; a government-sponsored poster from Britain

President, was roundly booed by an audience gathered at the Washington Hilton for the third International Conference on AIDS. In an aside that was picked up on an open television microphone, Bush, taken aback by the reaction, asked, "Who was that? Some gay group out there?" Before his speech, an estimated 350 protesters, some of them suffering from AIDS, had staged a noisy demonstration in front of the White House. District of Columbia police, wearing yellow rubber gloves to protect against possible AIDS-virus infection, arrested 64 of the protesters.

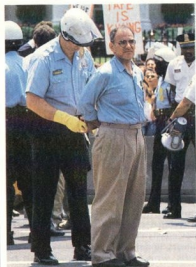
There were other signs of official preoccupation with AIDS. The threat of the disease is slated to come up when Reagan and six other leaders of major industrial democracies\* meet at the economic summit in Venice this week. That the battle against AIDS will require international cooperation was a point repeatedly made by top AIDS researchers at the Washington conference. Speaker after speaker emphasized the lengthening reach of the AIDS virus around the globe—and the potential magnitude of the problem for policymakers. Said U.S. Deputy Assistant Secretary for Health Lowell T. Harmison: "We are at war with a global disease."

Some American health officials welcomed the President's call for screening. At week's end Health and Human Services Secretary Otis Bowen announced plans to chart the dimensions of the disease by testing 45,000 randomly selected volunteers. There are now more than 36,000 cases of AIDS in the U.S., and as many as 1.5 million people, or about one in every 30 men between the ages of 20 and 50, may already carry the virus. "The President's statement was something I could agree with," said Surgeon General C. Everett Koop, who opposes mandatory testing because it might scare away those in high-risk groups who need both screening and counseling. Under the President's plan, Koop stressed, "individuals have a right to opt out."

\*Britain, France, West Germany, Italy, Canada and Japan.

Critics of wide-scale testing, however, pointed out that screening 43,000 federal prisoners, 1.4 million patients a year in Veterans Administration hospitals and thousands of foreigners who annually flood immigration offices would present enormous logistical problems. Such large-scale testing is unlikely to achieve results commensurate with the huge price tag.

**F**rom past experience with infectious diseases, many health officials believe the marriage test in particular will not effectively reach the high-risk groups—homosexual and bisexual men and intravenous drug abusers, who collectively make up 91% of U.S. AIDS cases. Indeed, researchers at the AIDS conference presented evidence of a continuing rise in the number of new infections among IV drug users in the U.S., most of them black or Hispanic, who are spreading the virus to the heterosexual community.



Rubber-gloved policeman arrests a marcher

Still, Congress signaled its basic approval of the President's AIDS program. By a 96-to-0 vote last week the Senate amended a \$9.4 billion supplemental appropriations bill to require the testing of immigrants; entry will be denied to those found to have been exposed to the AIDS virus. The Senate also approved \$77 million for anti-AIDS programs. The House is expected to pass a similar measure later this year.

Washington is not the only capital where health officials and politicians have been struggling to shape a policy to fight AIDS. So far, 51,535 AIDS cases have been reported to the Geneva-based World Health Organization by 112 countries, not including some hard-hit African countries. As many as 10 million people are believed to be AIDS carriers, and according to some estimates, 100 million could have the virus by the end of the century. Many governments, mostly in Western Europe, have responded far more swiftly and decisively than the U.S. to the deadly challenge by developing public education programs.

The Netherlands, which had 260 reported cases of AIDS as of April 1, began a government-sponsored "condom campaign" two months ago to encourage the use of prophylactics during sex, and continues to provide free sterilized needles to drug addicts. In Britain, where 750 AIDS cases had been reported by last month, the government last November allocated \$32 million to produce a blitz of warnings and advice. Billboards were erected across the country that read AIDS: DON'T DIE OF IGNORANCE. Now, however, the London government has begun to question its approach. A recent study has concluded that the campaign needlessly raised general anxieties about AIDS but missed those individuals in population groups at high risk. Later this month the British government will launch another effort aimed at drug users.

Despite the protests of civil rights groups about discrimination against peo-

ple with AIDS, some governments have mandated limited screening. France, for example, will soon require testing before couples are issued marriage licenses. In the Soviet Union, which has reported only 54 cases of AIDS, tens of thousands of tests have been carried out, although the government has not disclosed what segments of the population were screened.

Xenophobic fears in Asia have led to a wave of tough anti-AIDS legislation. China has reported only two deaths from AIDS, but authorities have ordered the testing of more than 4,000 foreign students. In Japan, which admits to 38 cases of AIDS, the Diet (parliament) may soon pass legislation that would deny entry to foreigners who test positive if they present a threat to public health; the bill is mostly aimed at prostitutes, bar girls and foreign sailors. With little more than a year to go before Seoul is host to the 1988 Summer Olympics, South Korea has passed a law that subjects anyone found guilty of knowingly spreading the virus to up to two years in prison.

Governments are also beginning to face the question of who will pay health-care costs for AIDS sufferers. American insurers estimate the cost of providing hospital and medical treatment for a single patient at more than \$75,000 from diagnosis to death. Around the world, hospitals and medical staffs are ill-equipped to deal with the rising costs and numbers of AIDS cases. Dr. Anthony Pinching of London's St. Mary's Hospital Medical School warns that his facility, which has cared for over 170 AIDS patients, is facing economic burnout. Reason: it lacks funds to hire additional staff and expand its facilities.

**E**ven as the AIDS policy debate rages, however, many painful questions remain unanswered. How, for example, will the U.S. cope with the AIDS medical bill? A Rand Corp. study released last week concludes that the cost of treating a projected 400,000 U.S. AIDS sufferers from 1986 to 1991 may exceed \$37 billion, with about \$10 billion borne by the Medicaid

program. Also, who will treat the patients? New York City, where more than 700 of the 35,794 available hospital beds are already occupied by AIDS patients, has proposed devoting one hospital exclusively to their care.

Perhaps the most fundamental question facing U.S. policymakers is whether they are willing to protect the ordinary rights of those infected with the AIDS virus without resorting to racist or homophobic programs. High-risk groups, after all, are those from which the public will clamor most for protection. Many public health officials feel that education, treatment and counseling programs for homosexuals and intravenous drug users offer the best return on the tax dollar. "IV drug use is the main source of heterosexual spread in this country," says Don C. Des Jarlais, an epidemiologist at the New York State Division of Substance Abuse Services. "That's where we have to concentrate our efforts. There is still time." —By J.D. Reed.

*Reported by Dick Thompson/Washington, with other bureaus*

## No Progress, No Panic

**"W**e now know more about this virus than perhaps any virus one wishes to discuss," declared Dr. Samuel Broder of the National Cancer Institute. But as researchers presented their findings at the International AIDS Conference in Washington last week, it became clear that there is no immediate hope of discovering a vaccine to inoculate people against the AIDS virus. And few new drugs are on the horizon that might alleviate or cure the disease. Said Dr. Harold Jaffe, chief AIDS epidemiologist at the Centers for Disease Control in Atlanta: "The strides made in the molecular biology of the virus are just phenomenal. But that hasn't yet translated into something we can use to stop it."

Hopes for an experimental vaccine sagged when Duke University's Dr. Dani Bolognesi and NCI's Dr. Robert Gallo, a co-discoverer of the AIDS virus, reported that tests on chimpanzees had failed. Chimps, one of man's closest relatives, are considered critical to vaccine research. The idea of a vaccine is to trick the body into producing specific antibodies that can attack the invading virus. The research team had vaccinated six chimps with proteins from the outer shell of the AIDS virus, then injected them with live virus to test the vaccine's effectiveness. But within three weeks the chimps became infected.

Other possible vaccines are being tested on chimps by Bristol-Myers and the Institute for Immunological Disorders in Houston. Both have applied for permission to test vaccines on humans. Testing is already being done by Dr. Daniel Zagury of Paris' Pierre and Marie Curie University. Zagury included himself among twelve healthy people who received an experimental vaccine made up of a portion of the AIDS virus inserted into a larger, usually harmless virus called vaccinia. They also received a booster shot of their own cells that had been treated with the vaccinia. The volunteers, he reported, showed signs of antibodies to the AIDS virus. None-

theless, warned Zagury, "we do not want to give false hopes."

NCI's Gallo revealed that he and his co-workers had discovered in ten Nigerian patients a new strain related to the AIDS virus. Together with an earlier discovery by French scientists of a second AIDS virus in West Africa, which is now being found in Europe and Brazil, this increases the family of related AIDS viruses. The existence of multiple strains further complicates the development of blood tests and vaccines for AIDS. Gallo insisted, however, that "we shouldn't panic because it is the original AIDS virus that is causing the epidemic."

There has also been little progress in developing AIDS drugs that interfere with viral reproduction. The only drug approved by the FDA is azidothymidine, or AZT. An experimental drug, ribavirin, made by ICN Pharmaceuticals of Costa Mesa, Calif., seems to be less effective than had been claimed. Dr. Andrew Vernon, a member of a study group at Johns Hopkins University, reported that in a 28-week experiment, 217 male pre-AIDS patients who took ribavirin showed no significant benefits.

Peptide T, another promising substance for curbing the virus, received mixed reviews. Last December, Neuroscientist Candace Pert of the National Institute of Mental Health reported that the chemical, a synthetic portion of a protein on the AIDS virus that helps it bind to cells, seemed to prevent the virus from entering cells. In May the FDA approved clinical trials, and last week Oncogen, a Seattle biotechnology company, announced that its researchers had confirmed Pert's findings. But Dr. William Haseltine, a virologist at Harvard's Dana Farber Cancer Institute, said neither his laboratory nor six others around the world had been able to reproduce Pert's results.

Not all was gloomy. Abbott Laboratories has developed a new blood test that, because it directly indicates the presence of the AIDS virus, can immediately show infection. Current tests, because they detect only antibodies, may take weeks to months to indicate the presence of the virus. —By David Brand.

*Reported by Dick Thompson/Washington*



Disappointing findings: Gallo at conference

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## Health & Fitness

### Psst, You Wanna Plastic Surgeon?

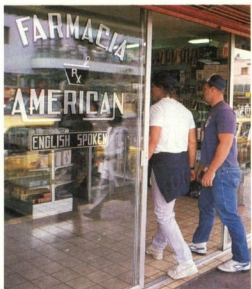
Americans seek health-care bargains in Mexico's border towns

The magazine rack in the waiting room of Dr. Carolina Goldstein's dental surgery on Agua Caliente Boulevard in Tijuana is stuffed with copies of *Good Housekeeping* and other U.S. publications. THANK YOU FOR NOT SMOKING says a notice in English. Nearby, stacked pamphlets, also in English, extol the virtues of resin-bonded ceramic fillings. Soft music from a San Diego radio station fills the room. It could easily be an American dentist's office. Indeed, in some ways that is exactly what it is. Like many other dentists, doctors, opticians and pharmacists in Tijuana, Goldstein relies on Americans, several coming from as far away as San Francisco, for a growing part of her business.

Goldstein is one of thousands of Mexicans in towns and cities along the 2,000-mile U.S. border engaged in the lucrative and rapidly expanding business of providing health care for Americans. In Tijuana alone (pop. 1.3 million), there are 18 plastic surgeons and a range of other specialists among some 2,000 registered doctors and 1,700 dentists. Their listings take up 44 pages in the city telephone directory. From a simple dental filling to major reconstructive plastic surgery to a cataract operation, almost every health need imaginable is available just across the border. A major part of the appeal: prices that are about one-third to one-half of those charged in the U.S. "Americans are looking for bargains, and we are offering them," says Tijuana Optician Francisco Fandiño Montero, whose clientele is about 80% American.

The rapid growth of legitimate Mexican health services has helped change the image of many border towns once better known for services of a seedier sort. Tijuana and Ciudad Juárez, for example, came of age serving liquor to thirsty gringos during Prohibition. More recently, they have catered to amorous misadventures of Americans, offering prostitution, easy abortions and quick divorces. "Standards are a lot higher than they were ten years ago," says Ana Maria Ley Estrella, president of the Tijuana Dental Association.

Yet some questionable practices linger, thanks to the comparative laxity of Mexican drug-regulatory laws and the predatory ways of get-rich-



English spoken: gringos size up a Tijuana pharmacy  
A tummy tuck costs about 40% of the U.S. price.

quick doctors. Until recently, thousands of Americans crossed the border for the sole purpose of buying Redotex, a potent Mexican-made diet prescription not licensed for sale in the U.S.; some pill-dispensing physicians became millionaires almost overnight. "They would send young boys out to tout for patients," recalls a Mexican physician in Nuevo Laredo. "Some doctors would see as many as 100 patients on a weekend. They would call them in five at a time and sometimes dispense the pills themselves." The Mexican government has since taken steps to end abuses in the selling of weight-loss medication.

### Intravenous Aerobics

Athletes will try almost anything, it seems, to better their performances. The boost of choice among some is blood doping, in which red blood cells are drawn off and re-injected a few days before a race. Since red cells carry muscle-fueling oxygen, an additional infusion should translate into greater energy, more endurance and improved times.

The 1984 U.S. Olympic cy-

cling coach was suspended after some team members admitted to doping their blood, a practice now banned from the Games. Blood doping is arguably unethical; it may also have long-term side effects and has been clinically unproven. Last month, though, University of New Mexico researchers reported in the *Journal of the American Medical Association* that six runners performed some 3% better on 10-km runs after a dose of their own red cells. Blood doping may be shady and unhealthy, but it may also work.

Even so, many prescription drugs are more readily available in Mexico than in the U.S., and American health officials are concerned about the growing popularity of self-medication with drugs purchased south of the border. "Anyone who buys drugs without a prescription is taking a terrific risk," says Dr. Laurance Nickey, director of the El Paso City County Health District. Thousands of American cancer patients still flock to Mexican clinics each year for treatment with Laetrile, whose alleged curative powers have been discredited by U.S. health authorities.

One of the fastest-selling pharmaceuticals in border towns now is Ribavirin, a drug developed in the U.S. to treat AIDS but not approved by the Food and Drug Administration. Despite official doubts about Ribavirin's efficacy, thousands of Americans are crossing the border to buy it; smuggling rings have been formed to transport large quantities to the U.S. for resale. "I have had people come in saying they will buy all I can get," says a pharmacist in Ciudad Juárez.

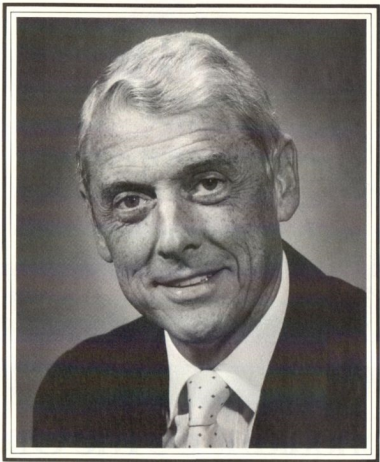
As the number of middle-income Americans looking southward for doctoring grows, so does the demand for sophisticated services.

Mexican plastic surgeons are now in big demand. Reason: a face-lift or tummy tuck south of the Rio Grande costs about 40% of what it does in the U.S. "An operation that typically costs \$5,000 in the U.S. can be had for about \$2,000 here," says Dr. Jorge López y García, a plastic surgeon from Mexico City. López, a graduate of the Institute of Reconstructive Plastic Surgery at New York University Medical Center, flies to Nuevo Laredo twice a month to attend to his growing practice. Most of his patients are women from Texas seeking restorative surgery.

Many Americans are surprised by the range and quality of Mexican health care. "I was very dubious at first about coming here for dental work," recalls Mark Hamilton, a San Diego telecommunications consultant who came to Goldstein in Tijuana in 1983 for root-canal treatment. "But now I am convinced that not only is it cheaper, but also I am getting superior dentistry. They care more down here." He recalls once Goldstein even picked him up at the San Ysidro border crossing in her own car and dropped him off again after the appointment. Says he: "Now you can't be that for service, can you?" —By John Borrell/Tijuana

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# Environment



A landscape being reborn: against a backdrop of Mount St. Helens, new growth covers a hillside

## New Life Under the Volcano

*Hikers and scientists glimpse a mountain on the mend*

In the seven years since Mount St. Helens exploded in a spume of gas, ash and pumice, there have been 24 additional eruptions at the volatile peak in the Cascade Range. The last, a small explosive belch of magma that added 85 ft. to the height of the lava dome inside the crater, occurred eight months ago. As a result, the U.S. Forest Service, cautious guardian of the 110,000-acre Mount St. Helens National Volcanic Monument, has decided to let the general public have a closer look at a postvolcanic environment. Since early May, some 100 climbers a day have been issued permits to slog across solidified mudflows, or lahars, and up through snowfields to the lip of the crater.

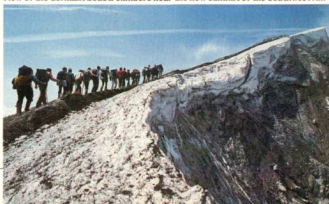
What they observe is nothing less than a landscape being reborn. Nature is laboring mightily to transform the scoured flanks of the mountain, its debris-filled river systems and chemically polluted ponds and lakes into a facsimile of the sylvan setting that existed before the eruption. To the untutored eye, the evidence of devastation still seems overwhelming. Scientists, however, see a glass filling itself up slowly but surely. Says James MacMahon, head of the biology department at Utah State University: "It's not a forest yet, but the rate of progress is amazing."

That progress encompasses both flora and fauna. Inside the boundaries of the monument, where by law people are not allowed to assist regeneration, a mammalian equivalent of the bulldozer has been the pocket gopher. Colonies of these tiny in-

dustrious burrowers have helped mix the nutrient-poor ash and pumice with rich, pre-eruptive soil, creating a more hospitable turf for windblown seeds. Deer mice, ants and beetles have also assisted in the regeneration of the soil. Flowering lupine, with root nodules that convert nitrogen into compounds necessary for plant growth, has seized a foothold on the pumice plain, along with the ubiquitous fireweed and timothy grass.

Farther from the epicenter, in hummocky fields of loose volcanic ash and fine pumice pebbles, willows, red alder and an occasional Douglas fir have taken root near small ponds. At the waters' edge, Pacific tree frogs and salamanders now flourish. Large bodies of water like Spirit Lake, which was filled with organic debris and robbed of its oxygen by accompanying bacteria during the eruption, have made even more rapid recoveries. Algae, zooplankton and freshwater crustaceans have all recolonized the lake, prompting authorities from the state department of game to push for the restocking of such game fish as rainbow and brown trout.

View of the dormant beast: climbers near the new summit of the southwest rim



But others oppose the plan, arguing that the volcano has provided them with an unprecedented opportunity to watch unhindered regeneration. Says Cliff Dahm, a biologist at the University of New Mexico: "It would be foolish to short-circuit nature's experiment."

Outside the monument, where nature is allowed an assist from man, recovery has been even more striking. The Weyerhaeuser Co., which lost 60,000 acres of timber when Mount St. Helens blew, finished replanting conifers last fall. In Clearwater Canyon, nine miles from the center of the blast, one-acre test plots set up in 1981 are flourishing. Douglas, noble, grand and Pacific silver firs planted by the Forest Service staff have enjoyed an almost 90% survival rate. Some are already 12 ft. tall. "The trees are growing faster than normal," says Eugene Sloniker, a Forest Service silviculturist. The impressive growth rate of these species is partly attributable to the fact that they were the first ones re-introduced. Explains Sloniker: "They have had less competition."

The reopening of the mountain worries scientists at the U.S. Geological Survey. Reason: the vulnerability of sensitive, untended monitoring equipment that provides a constant readout of the peak's vital signs. Hikers are given a handout warning that tampering with seismometers, tiltmeters and other equipment would cripple the USGS early-warning system and could lead to the re-closing of the mountain. Although geologists feel comfortable with their ability to predict the behavior of Mount St. Helens itself, they freely admit that the inner workings of the volcano are still a mystery. Says Research Geologist C. Dan Miller, who assesses volcano hazard for the USGS: "We learn as we go along. There is really no alternative to studying each volcano."

Geologists who have been monitoring Mount St. Helens' hiccups since 1980 have predicted all but one volcanic event and believe they can continue to do so. As long as the volcano remains dormant, more and more people are certain to come and marvel at what Jerry Franklin, the Forest Service's chief plant ecologist, calls "the resili-

ence of nature." Since the \$5.3 million Mount St. Helens visitor center opened in nearby Silver Lake last December, more than 150,000 people have paraded through its exhibits. Now they can see the mountain for themselves. "We've got quite a way to go yet," says Franklin. "We're 10% along the way. In another hundred years, we'll have a canopied forest."

—By Paul A. Witterman/  
Mount St. Helens

## Press

### Underdog to an 800-Pound Gorilla

*The conservative Times struggles for a wider niche*

It should not be said that Arnaud de Borchgrave never sleeps. True, he puts in 18-hour days at the Washington *Times*, showering his staff with "Arnaud-grams," notes scrawled on yellow paper suggesting stories and sources. He bounces around the newsroom, nagging, second-guessing or just plain giving orders. But he does sleep. The proof is in his office, which contains a queen-size bed. Though de Borchgrave owns an apartment in Washington, he spends many nights at work, rising before dawn to read the day's papers.

Such industriousness has been a boon for the troubled *Times*, the conservative newspaper owned by a group of Korean investors affiliated with the Rev. Sun Myung Moon's Unification Church. Founded in 1982 as an alternative to what the *Times* has called the "town's 800-pound gorilla," the mighty—and liberal—Washington *Post*, the five-day-a-week paper has not entirely erased its image as a "Moonie" sheet tainted by its owners' politics. Still, the *Times* has gained a place

at some of the capital's most powerful breakfast tables, and is among the few newspapers that are regularly excerpted for Ronald Reagan's daily news briefing book. Chief of Staff Howard Baker has noted that both the *Times* and the Washington *Post* are "required reading" at the White House, joking that "one of them is read for the news and the other for Art Buchwald."

### The Washington Times

Most days, of course, the 230 reporters and editors at the *Times* (circ. 104,000) are no match for the 450-strong *Post* (circ. 796,000), but the paper, the only local alternative to the *Post*, has had a few impressive scoops. The *Times* broke the story alleging that Michael Deaver had improperly used his White House ties to advance his lobbying business and, two months ago, revealed Mobil Oil's decision to move its head-

quarters from Manhattan to suburban Washington. Though the *Times* has serious weaknesses (its national political coverage is abysmally shallow, for example), its strengths include a scrappy metropolitan staff, lively cultural reporting, and a generous amount of foreign news for a publication its size. "The paper you see now is not the paper we saw five years ago," says Press Critic Stephen Hess of the Brookings Institution.

Much of the credit belongs to de Borchgrave, 60, a *Newsweek* foreign correspondent for 29 years before joining the *Times* in 1985. Sometimes de Borchgrave calls a wrong shot (a *Times* exclusive that Libya's Muammar Gaddafi had fled to Yemen remained exactly that: an exclusive), but overall, the editor rates highly with his staff.

"He's not an intellectual genius, but he's incredibly passionate and energetic," says David Brooks, who recently left the *Times* for the *Wall Street Journal*.

The *Times* has already lost \$250 million, and is expected to lose an additional \$35 million by next spring. The debts have been covered by members of Moon's church, whose worldwide network of businesses generates hundreds of millions of dollars. Infamous in the 1970s as a messianic cult leader who "brainwashed" young



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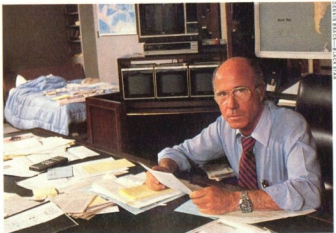
"Our guess is people will flock to the showrooms because of the price and drive out in a Fox because of the car."

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people and sent them out to sell flowers. Moon, 67, was implicated in the 1978 influence-peddling scandal known as Koreagate and later served eleven months in prison for tax evasion. In recent years he and his chief aide, former South Korean Army Colonel Bo Hi Pak (now president of News World Communications, the holding company that owns the *Times*), have emphasized an anti-Communist crusade rather than the church's ambition of a world theocracy headed by Moon.

*Times* executives have always insisted that the paper is independent of Moon, but charges of church interference have bedeviled the paper. When Moon was released from prison two years ago, *Times* reporters complained that a U.P.I. story about his case was doctored to portray Moon in a better light. James Whelan, the paper's founding editor, quit in 1984, declaring that the church had undermined him. In April, Editorial Page Editor William Cheshire and four staffers resigned, charging that de Borchgrave, after talking with a Moon associate, tried to revise an editorial critical of South Korean Presi-



**Editor de Borchgrave in his office, where he often sleeps**  
*Still bedeviled by charges of church interference.*

dent Chun Doo Hwan. "I just don't understand how people ride over the problems of their ownership," argues *Post* Executive Editor Ben Bradlee, but he refuses to critique his competitor. "That's a minefield," he says. De Borchgrave dismisses the charges of church meddling. "If any representative of the owners had given me any direction," he says, "I would have immediately walked out."

Having just signed a new three-year contract, de Borchgrave is overseeing the

introduction of new metro, business and weekend sections in September. News World Communications has spent \$95 million on two other publications: *Insight*, a slick, conservative newsweekly distributed free of charge to 1.1 million "decision makers"; and *The World & I*, a glossy monthly journal of reviews and opinion that usually runs 700 pages (yes, 700) and could easily be mistaken at five paces for the Sears catalog.

*Times* reporters insist that they receive no favors from the Administration, but the perception of the paper as a White House organ persists. De Borchgrave believes the paper will do better with a Democratic Administration. "It is far more difficult to be lively when you're in a semiofficial mode than in opposition," he says. Perhaps. But others feel that the paper will survive only so long as Moon's followers think they are getting their money's worth. If the *Times* stops being read at the breakfast tables of power after 1988, the owners' pockets may prove to be not that deep after all.

—By Laurence Zuckerman.  
Reported by Steven Holmes/Washington



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## Design



Historic symbol: the Brandenburg Gate

# Rebuilding Berlin—Yet Again

*For its birthday, the city showcases world architects*

**T**he 20th century has been crueler to Berlin than to most any other major city in the world. In architecture as in politics, Berlin is a birthplace of modernism—the kind of avenging romantic modernism that was determined to demolish the past and rebuild the future from scratch. And so again and again for a half-century after World War I, the city was razed wholesale for the sake of ferocious social ideas: first, the Utopian housing tracts of the 1920s; then the Nazis' megalomaniacal neoclassicism in the '30s; the devastating Allied bombing raids in the '40s; the redoubled, misguided urban renewal of the '50s and '60s; and, of course, the Communists' lobotomizing Wall. Berlin has been a city tragically suited to the before-and-after aerial view.

Now it seems that West Berlin, anyway, has come to its common senses. The city has found a means of regenerating the premodern urban-design traditions by which it grew, while at the same time creating the most ambitious showcase of world architecture in this generation. The occasion, fittingly, is this year's celebration of the 750th anniversary of the city's founding. From now through the autumn, hundreds of thousands of Berliners and visitors are to attend concerts, gallery exhibits, symposiums and street festivities commemorating Berlin's birthday.

Indeed, when President Reagan visits West Berlin this week, he may get a passing glimpse of the most extraordinary of all these observances: the building program undertaken by the International Building Exhibition (IBA), which was legislated into existence eight years ago by West Berlin's government. IBA has devel-



Outside and, below, inside the delightful apartment complex by California's Charles Moore

oped more than 100 sites around the city, mostly in the dead zones and odd holes left in the urban fabric near the Wall and along the Landwehr Canal, which runs through the center of the city. On these sites, private developers, with government-subsidized loans, have now finished the majority of some \$1.5 billion worth of new buildings, mostly apartments for about 35,000 middle- and working-class tenants.

The project's virtuous social agenda would be unremarkable without its world-class aesthetic aspirations. More than 200 architects from 15 countries entered IBA's invitational design competitions, and the winners constitute a sort of international *Who's Who*. West Berlin has or will soon have new IBA buildings by O.M. Ungers (West Germany), Hans Hollein (Austria), Rob Krier (Luxembourg), Mario Botta (Switzerland), Aldo Rossi (Italy), Oriol Bohigas (Spain), Rem Koolhaas (the Netherlands), James Stirling (Britain), Arata Isozaki (Japan) and, from the U.S., Charles Moore, Robert A.M. Stern, Stanley Tigerman, Peter Eisenman and John Hejduk. A museum show tied to IBA, "750 Years of Architecture and Urban Design," is currently on view in West Berlin at Mies van der Rohe's last great building, the National Gallery.

It is a complicated creative task to design any building at all for Berlin. The



burden of the past is heavy and confused. Powerful stylistic traditions compete and clash—baroque vs. *volksch*, modernist vs. neoclassical, Karl Friedrich Schinkel vs. Walter Gropius—and each is politicized, freighted with connotation. Berlin is an ambivalent city, a city of uneasy architectural taboos. Albert Speer's bombastic Nazi splendors must be condemned no matter how handsome they sometimes seem during this era of classical revival. The Wall, horrid as ever, has nevertheless become the great built symbol of the city.

a folk-brutalist icon. The city that tore itself apart under the Nazis and again under the progressives is now unbudgingly preservationist.

IBA stepped sensibly into this anxious muddle, instructing its architects to "pick up historical traces, respect the traditional layout and conserve the existing buildings." Somehow blending in with the surrounding neighborhood is an obligation of all new buildings these days, the motherhood-and-apple-pie issue of contemporary architecture. But as a practical matter, it is not so easy to be contextual in Berlin, where the old patterns of streets

and blocks and squares—the context—have been erased or ignored. Thus IBA's first task was to unearth the archaeology of the modern city, to find and record the building history of each city block. In traumatized, amnesiac Berlin, the civic memory had to be re-created. The new IBA construction would take its lead from the historical residue.

Buildings in Berlin traditionally rose no higher than six stories, and the IBA buildings have reestablished that reasonable city standard. Long façades are visually broken up into sections of congenial town-house proportions with clustered

windows, projecting bays and, in some cases, peaked or mock-baroque gingerbread-house roof lines. IBA has revived other Berlin housing traditions: buildings come right up to the sidewalk; most of the new complexes are arranged around courtyards; and, despite the modest budgets, large public hallways are the rule.

But the riskiest and most innovative principle, and one insisted upon by Josef Kleihues, an IBA director, was the guarantee of diversity among the buildings on a single block. In general, one architect would devise a schematic master plan for each block or neighborhood, and several different architects would execute the buildings. Coherence was ensured by the master plans (and the overall IBA guidelines governing density, size and layout); architects of disparate sensibilities working independently provided the physical quirks and dissonances that enliven cities. It is encouraging and slightly incredible that a big-city government, with its bureaucratic instinct for conformity, could accommodate such an unpredictable kind of patchwork pluralism.

Most of the IBA buildings were designed between 1979 and 1984, at the peak of international postmodern fervor. Rather than returning to neoclassical forms, as postmodernism has generally meant in the U.S., the IBA architects have tended to borrow from the early 20th century avant-garde. Aside from Kleihues, Rob Krier is probably more responsible for the results than any other architect. He was master planner for three important IBA blocks. While none of Krier's IBA architecture is great, all of it is good. His best is the main building (of nine) of a rather formal housing estate near the Tiergarten, West Berlin's big central park. The main façade, an outthrust white shield, could be the refurbished fragment of an ancient Roman circus. But in pure postmodern fashion, the metaphors are freely mixed: facing the long central lawn on the interior is a handsome pair of neo-medieval towers in red brick, and windows copied, it seems, from a 19th century factory.

Behind the Krier shield sit two rows of four buildings of modest size: five stories, five apartments to a floor. The most extravagant is by Hans Hollein, a pink and blue and yellow and red box with broad, flaring eaves and lights embedded in column capitals—the largest Memphis-style object ever constructed. The best of the lot is Aldo Rossi's low-key construction of red brick and yellow block. The colored bands recall Schinkel, the octagonal clerestory recalls Rossi's own floating Venetian theater, and the exposed I-beam "lintels" over the windows remind us that architecture is about construction as well as decoration.

IBA's two most controversial projects are by Americans, mannerists at extreme opposite ends of the architectural spectrum. One is a sprawling apartment complex in a suburban resort town by Charles Moore (with his partner John Ruble), the other a cramped commercial and residential building overlooking the Wall by Pe-

The low-rise street wall reestablished: apartments by West Germany's O.J.M. Ungers



Newfangled old-fashioned modernism: American Peter Eisenman's *Objekt* near the Wall

## Design

ter Eisenman. The Moore buildings at Tegel are, as his critics have charged, Disney-like, a mite overbearing to please. But Tegel is a resort town; the complex was meant to be a playful place, and it is easy to play along with Moore's California-cum-German-romantic palette (pastel peach and blue), the dormers and gables that crop up without warning, the classicized little plazas and passageways. Two other romantic American architects, Robert Stern and Stanley Tigerman, have designed wildly baroque villas to be built next door.

Just as Moore, sunny and prolific, is easy to like, Eisenman, prickly and abstruse, all but carries the disfavor of his peers and the public. His building overlooking Checkpoint Charlie is, but for its adherence to the local height standard, willfully anticontextual, an asymmetrical collage of gray boxes among beaux arts commercial buildings. Like every Eisenman work, it is a hermetic abstraction, a portentous recapitulation of De Stijl that comes off less as homage than as labored parody. As an object, it is pleasing (and familiar) enough: blue and white grid overlaid on red grid overlaid on grids of white window mullions, with the building's axis cocked just enough to suggest that something important and subtle is going on. What the architect intends, perhaps, to be the structural equivalent of a Borges story is instead an overgrown Rubik's Cube. Eisenman has built another of his trademark brain teasers here, and proximity to the Wall is supposed to invest it with special significance.

There are dozens of other intriguing IBA buildings. The water plant at Tegel by Gustav Peichl is a gorgeous, articulate piece of industrial architecture in the early 20th century German tradition. Just west of Mies' National Gallery, James Stirling's social-science center, a compound consisting of three pieces (the largest a low-rise circular building, reminiscent of Stirling's museum in Stuttgart), will be finished later this year. Frei Otto's Okohaus is a winsome sop to the Greens, West Germany's radical party of pacifists and ecological zealots. In the middle of West Berlin, within a barebones superstructure to be built by the government, back-to-the-land devotees will put up their own huts and grow their own vegetables.

For IBA, deciding which architects would be invited to compete was, not surprisingly, a highly political process. "We didn't want big-scale '70s architects like

[Helmut] Jahn," says Gudrun Hamacher, an architect who is a member of IBA. "They didn't fit. We wanted architects." In fact, IBA got just about everyone it wanted to participate (notable exceptions: Robert Venturi, the prototypical American postmodernist, and the high-tech Britons Richard Rogers and Norman Foster). Local protectionist sentiment ran high, but as it turned out—indeed, as it was probably intended from the beginning—foreigners won the competitions disproportionately. "The pressure from Berlin architects was very hard," says Hamacher, but the influx of renowned

stroyed. Postwar planners, in a kind of survivors' frenzy, pulled down much of what remained intact, finishing with bulldozers and wrecking balls what the bombs had begun. They clung to their modernist faith, bedazzled by the idea of starting anew. The war had given their ahistorical impulse—Erase the past!—maniacal urgency. The denuded cityscape was regarded in the '40s and '50s as the war's silver lining, a great opportunity. New buildings would be high-rise, set far apart and back from the streets. Density would be low. Technocrats would rule.

Berlin's third great architecture exhibition, the Interbau of 1957, was the high-water mark of this slightly mad, modern abstractionism, and the first such exhibition that produced a thicket of real buildings. "Planning for the City of Tomorrow" was the theme, and the results were as blandly anodyne as the motto suggests. A whole section of the city was turned into an urban-renewal proving ground, an amorphous campus where highly evolved notions of cityfied density were abandoned: each forgettable high-rise was an isolated *Objekt* plopped in sunny isolation on a lawn.

During the '60s, the Wall was meant to stop Easterners from heading West, of course, but it also severed the western half of the city from Berlin's rich historical center and deprived West Berliners of access to the East's many parks. What is more, the cutoff of laborers from East Berlin prompted West Berlin to undertake a crash program of apartment building to attract new workers from West Germany and abroad. The main result was slapdash, tired-looking Alpha-ville architecture, Interbau without airs.

Against this background, the singular hubris of IBA was to try to have it both ways—a large-scale building program like those of the '20s and '50s, but with the strong concern for tradition and diversity that has predominated in the late '70s and '80s. The ambitions were grand, in true German style, but not grandiose. Indeed, Kleihues himself has written that IBA is "ultimately doomed to fall short of the aims it has set itself." Yet those aims were liberating because they were antimonumental. Berlin has lived (and nearly died) through all the various 20th century dreams of how cities ought to be. IBA, to its everlasting glory, had instead a clearheaded vision of how good cities are, and set out to restore the rules of scale and diversity that made them that way. —By Kurt Andersen



Japan's Arata Isozaki incorporated fragments of the old in his baroque concoction. In traumatized, amnesiac Berlin, the civic memory had to be re-created.

*Ausländer*, she says, "has been a fine influence on Berlin architecture. Berlin is isolated, like an island, and so this outside influence has been very good."

Berlin's social visionaries have not often been open to such influence. The city held its first two modern architecture exhibitions when Mies was still a Berlin architect, in 1910 and 1931, but those were mere gallery exhibits of plans and models—vast schemes, many of them, but safely confined to the drawing boards. It took National Socialism to carry out the demolition and reconstruction of Berlin neighborhoods. The Nazis may have hated the stylistic innovations of the architectural avant-garde, but when putsch came to shore, Albert Speer and Walter Gropius shared a contempt for the dense, accreted idiosyncrasies of the old-fashioned inner city. It was the modern duty to impose a new orderliness—an abstract, machine-made order before 1932; a brutish, pseudo-ancient order after.

During the last years of World War II, most buildings in central Berlin were de-

# Music

## Mastering the Sounds of Silence

Andrés Segovia: 1893-1987

**T**hey laughed when Andrés Segovia sat down to play the guitar. The nerve of the man, bringing a flamenco instrument into the hallowed precincts of the concert hall. "That stupid young fellow is making useless efforts to change the guitar—with its mysterious, Dionysiac nature—into an Apollonian instrument," wrote one skeptic after Segovia's 1910 debut in Madrid. "The guitar responds to the passionate exaltation of Andalusian folklore, but not to the precision, order and structure of classical music."

That assessment was, to say the least, inopportune. When he died last week at 94 in the Spanish capital, Segovia had put the guitar on a near equal footing with the piano, violin and cello as a solo concert instrument; he had also won for himself a place among the most influential performers of the 20th century.

Sitting quietly, almost motionlessly onstage, protectively cradling his six-string Hauser guitar, his left hand moving swiftly and smoothly across the frets, his right hand flicking the strings gently with its fingernails, Segovia was a picture of concentration. A Segovia recital was as hushed as a whisper, as rapt as a prayer. "If people have even a little understanding," he once said, "it is better to move them than to amaze them."



At home last year: as hushed as a whisper, as rapt as a prayer

Born in Linares, a village in southern Spain, young Andrés briefly studied the violin. But his teacher was a harsh martinet, and Segovia was unmoved by the sound of the instrument. "The violinists and cellists I heard in the Granada of that time seemed to extract catlike wails from the violin and asthmatic gasps from the cello," he wrote in *Segovia*, his 1976 memoir. "But even in the hands of common people, the guitar retained that beautiful plaintive and poetic sound."

He came by such feelings practically from the cradle. When Andrés was a child, his uncle would strum an imaginary guitar and sing: "To play the guitar/ You

need no 'science'/ Only a strong arm/ And perseverance." Segovia took this instruction to heart; aside from a few lessons from a strolling flamenco player, he was self-taught. His tastes, though, were sophisticated: Spanish music by Fernando Sor and Francisco Tarrega, baroque music by Bach and Purcell and works by such contemporaries as Benjamin Britten and Heitor Villa-Lobos, many of which were written especially for him.

Behind the bland, avuncular exterior, Segovia was a man of strong feelings. The electric guitar, of course, was anathema, and he denounced rock music as a "strange, terrible and dangerous disease." He often compared the guitar to a woman and boasted of his fidelity, yet he married three times. Nor was he so self-effacing as his calm demeanor and, late in life, his sometimes indifferent performances suggested. Given the guitar's limited repertoire, Segovia felt no compunction about arranging and reworking music for other instruments. "The composer has to work through me," he said. Indefatigable, he practiced five hours a day and even in his 90s was still playing up to 60 concerts a year around the world. He was also a tireless teacher whose students included Julian Bream. This, in fact, may prove to be his most enduring legacy; once scorned by academia, classical-guitar study is now offered by some 1,600 schools of music in the U.S. "Segovia's guitar does not sound loud," Composer Igor Stravinsky once observed, "but it sounds far." —By Michael Walsh

## Milestones

**EXPECTING.** Lynda Carter, 35, curvilinear actress who was the eponymous star of TV's *Wonder Woman*, and her husband, Washington Lawyer **Robert Altman**, 40: their first child. The baby's anticipated arrival in January has forced Carter to postpone a network sitcom scheduled for the fall.

**BORN.** To **Steve Winwood**, 39, mellow-voiced British keyboardist-singer who has evolved from a pop rocker to help create inspirational songs (*While You See a Chance*, *Higher Love*), and his wife **Eugenia**: their first child, a daughter; in Nashville. Name: Mary Clare.

**DEFEATED.** **Edwin Moses**, 31, U.S. 400-meter hurdles runner, Olympic champion (1976, 1984) and world-record holder whose 122-race winning streak, beginning in 1977, was the longest of any event in track history; by Danny Harris, 21, of Iowa State University, three-time collegiate champion in the event; in Madrid.

**DIED.** **Will Sampson**, 53, stolid, 6-ft. 7-in. full-blooded Creek Indian actor, painter and rodeo bull rider, best known for his 1975 debut role as the silent Chief Bromden in the film *One Flew over the Cuckoo's Nest*; of kidney failure following a successful heart-and-lung transplant; in Houston.

**DIED.** **Errol Barrow**, 67, politically moderate, English-educated Prime Minister of Barbados, who led his Caribbean country to independence from Britain in 1966 and served three times as Prime Minister, helping to make Barbados one of the region's most stable nations; of a heart attack, after suffering from diabetes; in Bridgetown. An advocate of economic diversification and pan-Caribbean cooperation, Barrow criticized the 1983 U.S. invasion of Grenada.

**DIED.** **Sammy Kaye**, 77, folksy bandleader and host of popular music shows on radio (*Sunday Serenade Room*) and television (*The Sammy Kaye Show*), known for his

soothing, reedy "Swing and sway with Sammy Kaye" dance sound and for gimmicky contests that gave audience volunteers a chance to lead his band, and whose first major musical success, a version of the title song from the movie *Rosalie*, in 1937, was followed by such hits as *The White Cliffs of Dover*, *Daddy, Remember Pearl Harbor* and *Harbor Lights*; of cancer; in Ridgewood, N.J.

**DIED.** **Georges Frederic Doriot**, 87, retired Harvard Business School professor and venture capitalist who bankrolled scores of high-tech companies (including Digital Equipment Corp.) and inspired generations of future U.S. business leaders with his highly personal, aphoristic course Manufacturing, which stressed the satisfactions of work that is hard and challenging; of lung cancer; in Boston. "Always remember that someone, somewhere, is making a product that will make yours obsolete," he warned students.

# Theater



Bryceland, Fugard and Cornwell: echoes of police-state values and a mystic's disquieting vision

## Yearning for Ritual Pieties

THE ROAD TO MECCA by Athol Fugard

Athol Fugard's great gift as a playwright has been an almost journalistic evocation of the distorting impact of apartheid on blacks and whites in his native South Africa, coupled with a lyric ability to lift those observations to the level of metaphor. It is not enough for an artist to be right-minded on even the most potent political issues of his day. To earn a lasting place in literature, to rank with Ibsen or Shaw or Brecht, he must also demonstrate subtlety of craft, power of language and insight into character—and probably must reach beyond his immediate context into other realms of the real world or imagination. Significantly, after the autobiographical catharsis of *'Master Harold'...* and *the Boys* (1982), which reflected his formative bond as a white youth with a black father figure, Fugard has moved into brave new territory.

His most recent works, *A Place with the Pigs*, which debuted at the Yale Repertory Theater in April, and *The Road to Mecca*, which completed a short run at the Spoleto Festival U.S.A. in Charleston, S.C., last week, have no black characters and concern wholly different kinds of repression and liberation. *Pigs*, about a Soviet World War II deserter, as yet amounts to an unfinished work. *Road*, if not as poignant or politically apt as *Master Harold*, is Fugard's wisest, most balanced and most nearly universal play.

Outwardly, *Road* is an issue melodrama about an old woman no longer able to take care of herself. To the outrage of a visiting younger friend, her pastor wants to move her into an old-age home—and, not incidentally, thereby make her give up the backyard Mecca of Magi, camels, owls and other mystical sculptures she has

built from cement, rusting wire, ground-up glass bottles and found objects. Her house is a shrine to her, an eyesore to neighbors, a mark of witchcraft to children and an affront both personal and theological to the pastor and his church.

Underlying the soap opera is an essay on the seductive comforts of a conformist society and the way in which free thinkers inescapably disquiet the people around them. When the pastor speaks of faith, he means order, moral certitude, freedom from doubt. To him there is no deeper satisfaction than to be regarded as normal. His attitude echoes the values of a police state; when *Road* opened at Yale in 1984, then more effectively at Britain's National Theater in 1985, the pastor seemed a humbug, professing affection for an old friend while ruthlessly trying to have his way. In Charleston, Fugard directed and also played the pastor. He found great sympathy in the man and showed compassion for the common throng's yearning—in this or any society—for ritual pieties as an alternative to reason.

Spoleto's brief production would not have been possible were it not for London's, which provided the other two members of the cast. Yvonne Bryceland, a fellow South African for whom Fugard wrote the role of the folk artist, won an Olivier Award, the West End's equivalent of a Tony, for her performance. At Charleston, she once again convincingly blended the workaday and the visionary, making an audience see glory even in Douglas Heap's set—in truth, reminiscent of a tatty disco. Her manic scurrying in denial of advancing age was a shrewd counterpoint to the prematurely world-weary languidness of Charlotte Cornwell, repeating her role as the friend, a disillusioned teacher of mixed-race youths. The Charleston version, which Fugard terms definitive, achieved the resonance between the mundane and the metaphysical that characterizes all his best work. From Spoleto it deserves to move intact to Broadway.

—By William A. Henry III

## Tenpins Aloft, Forsooth

When it comes to Shakespeare, reinterpretation may be the sincerest form of flattery. Challenged by the texts and intimidated by their production history, directors seem unable to mount the Bard's work without finding, or imposing, new meanings. For sheer chutzpah—and fun—it would be tough to top the vaudeville *The Comedy of Errors* that opened last week at New York City's Lincoln

Center after playing at Chicago's Goodman Theater in 1983 and the Los Angeles Olympic Arts Festival in 1984. In this madcap vision of ancient Ephesus, everyone must learn to juggle or die.

The stage is chockablock with tenpins aloft, batons atwirl, trapeze and low-wire acts, fire eating and belly dancing, pratfalls, cartwheels and unicycling. Somewhere amid all this are the rudiments of Shakespeare's farcical plot about twin brothers and their twin servants and even a modicum of his language, although not without



Juggler vein: Patterson, Hayden

elaborate nose thumbing at his low and labored puns.

Director Robert Woodruff shares the staging credit with his performers, notably the Flying Karamazov Brothers, a quintet of juggling comics who play the servants, the masters and Shakespeare himself, looking on in mounting disbelief. Nobody here is precisely acting, but Karla Burns as a lovesick maid, Randy Nelson as a sly servant, Howard Jay Patterson as one of the masters and Sophie Hayden as his wife all appear to have—and give—a roaring good time.

—W.A.H. III

## Books

### Victims of Contemporary Life

MORE DIE OF HEARTBREAK by Saul Bellow; Morrow; 335 pages; \$17.95

Although he hardly wants for honors (three National Book Awards, the Nobel Prize for Literature), Saul Bellow has not always been appreciated for his comic gifts. That may be because his books and reputation can appear so intimidating. When a serious, renowned writer tosses out big ideas, the proper response seems to be a hushed, respectful concentration. But at least as far back as *Herzog* (1964), Bellow began putting the act of thinking through some antic paces. Moses Herzog was the first, but not the last, of the author's heroes to suffer the risible torments of the hypereducated man. Notable among these is the discovery that life in 20th century America has a few tricks up its sleeve that are not covered by the grand panoply of Western culture. It is possible, in such cases, to know nearly everything and nothing at all.

Despite its cheerless title, *More Die of Heartbreak* is a consistently funny variation on the theme of intellectual haplessness. Its narrator, Kenneth Trachtenberg, 35, is an assistant professor of Russian literature at a university in an unnamed "Rustbelt metropolis" in the Midwest. Raised in Paris by expatriate American parents, Kenneth has come back to the U.S. to be near his maternal uncle Benn Crader, a man in his 50s and an eminent botanist, revered by fellow specialists for his work on Arctic lichens. Kenneth's obsession with Benn stems from a conviction that "you have no reason to exist unless you believe you can make your life a turning point. A turning point for everybody—for humankind." The nephew feels his uncle has single-mindedly pursued such a path and might be an appropriate guide: "I thought, Would it be possible to bring to the human world what Uncle brought to plant life?" Unfortunately, this "crucial project" is interrupted by a bit of mundane melodrama. After 15 years as a widower, Benn marries the young, beautiful Matilda Layamon, only child of a wealthy, well-connected physician.

Hoping to record a collaboration that would lead to a revolution in human thought, Kenneth is stuck instead with a farce out of Balzac. Benn's wife and in-laws have plans for him. Matilda can hardly be supported as is her wont on her husband's salary of \$60,000. But Benn has assets he has absentmindedly

forgotten: an uncle of his, a notable crook in the disintegrating local Democratic machine, once bilked him and Kenneth's mother out of huge proceeds from the sale of family property. Dr. Layamon tells Benn man to man: "Well, as you will have figured, with a brain like yours, the object is to recover money from Uncle Harold. That's the overall game plan." From the sidelines, Kenneth comments bitterly, "Basically, he didn't even want what they wanted—the

money. As many dollar bills as it would take to fill the Grand Canyon wouldn't have been enough for them. Plant morphology satisfied him. So how were they to understand one another?"

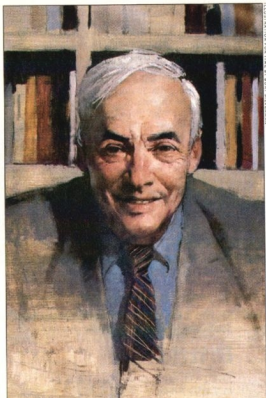
Benn's story, that of a comfortably aging man pulled into the muck of life by an avid and avaricious young wife, was hilarious when Chaucer included it in *The Canterbury Tales*, and it still seems none the worse for wear. Bellow's contribution to this hoary tale lies in Kenneth's fumbling, long-winded attempts to get it told. "I take very little pleasure in theories," he announces at the beginning, "and I'm not going to dump ideas on you." After incessant theorizing and idea dumping, he con-

cesses toward the end, "As is evident by now, I have a weakness for the big issues."

These include his "East-West ideas," specifically the notion that the free-for-all liberation of modern democracies produces pain equally as noble and significant as that brought about by repressions in the Soviet bloc: "The sufferings of freedom also had to be considered. Otherwise we would be conceding a higher standard to totalitarianism, saying that only oppression could keep us honest." And Uncle Benn, a "sex-abused man," is not the only victim of contemporary life that Kenneth has in mind. "All this may appear to be about me," he disclaims at one point about his narrative, but much of it is. Kenneth too has a grievance. The woman with whom he had a daughter refused to marry him and moved to Seattle, where she now consorts with a burly ski instructor. "Keen to get to the bottom of things," as always, Kenneth ransacks his store of accumulated wisdom in an attempt to explain how he and his uncle have both wound up "knee-deep in the garbage of 'personal life.'"

The answer eludes him, and his quest points toward despair. Thoughts, he decides, "don't get us anywhere; our speculations are like a stationary bicycle." But Kenneth's huffing and puffing amount to an engrossing spectacle: a mind, albeit weird, attempting to make sense out of the overwhelming flood of data that most people dismiss as daily life. Despite, or perhaps because of, what the narrator calls "my divagations and aberrations, my absurdities," *More Die of Heartbreak* crackles with intelligence and wit. The novel is not only proof that Bellow, 72, can live up to his own standards; it is also a reminder of how diminished a thing postwar American fiction would have been without him.

—By Paul Gray



Excerpt

“Benn was a botanist looking for a wife, and he found a wife who wanted just such a botanist to be a host to celebrities—the spouse who went with the house. His motive was longing. *Such* longing! You can't expect longing of such depth to have, or to find, definitive objectives. For her part, Matilda had quite clear objectives. She knew what she wanted and she got it. He didn't know what he wanted. ”

## Books

### Barnacle Bill

RACING THROUGH PARADISE  
by William F. Buckley Jr.  
Random House; 344 pages; \$25

William F. Buckley Jr. does more with his 24-hour day than most of us. He edits the conservative *National Review*, writes a syndicated column, lectures widely, composes spy novels and stars as a TV Torquemada on his inquisitorial talk show *Firing Line*. When he is not administering polysyllabic lashings to liberals, slack thinkers and casual grammarians, Buckley may be found afloat. His relish for blue water and white sails is persuasively advertised in *Airborne* (1976), *Atlantic High* (1982) and now *Racing Through Paradise*, books that, among



Buckley: a passion for fixed positions

other things, make work and play look like a distinction without a difference.

For Barnacle Bill the Sailor is not about to be caught looking like a privileged idler. On his 30-day haul from Hawaii to Papua New Guinea in June 1985, his seabag included manuscripts, stacks of correspondence and a portable computer on which he wrote letters, articles and, it is suggested, portions of a Blackford Oakes novel. Buckley's boatmates, too, seemed eager not to appear that they were getting away from it all. In addition to sharing sailing duties with a paid crew, the author and three of his companions stood literary watch. Evan Galbraith, a former ambassador to France, was drafting his memoirs. Richard Clurman, once chief of correspondents for *TIME*, was attending to an ambitious work about the press, and Buckley's son Christopher co-pread his humorous novel *The White House Mess*.

Let readers and the Internal Revenue Service get the impression that author and friends were purporting to conduct a professional writers' workshop, Buckley notes that the lockers contained

a variety of entertainments and diversions. Among them: a cassette library of movies, including *The Wreckless Ship in the Army* and *The Caine Mutiny*; tapes of David Niven reading his memoirs (*The Moon's a Balloon*; *Bring On the Empty Horses*), and a model of the *Titanic* that for some unexplained reason was glued together on deck during a heavy rainstorm. Such behavior might be attributed to the decision to pack 50 cases of beer and 32 cases of wine into the hull of the chartered 71-ft. ketch *Sealestial* (Buckley discourses widely and brilliantly on many points of big-league sailing, although not, unfortunately, on punning for boat names, a practice that can be winsome in passing conversation but winemaking when emblazoned permanently on a classy transom).

To accommodate the one-month schedule, the route of the Pacific passage was uninked into a more or less straight line from Honolulu to Kavieng, on the northwest tip of New Ireland in the Bismarck Archipelago. *Sealestial* covered more than 3,500 nautical miles; ports of call included inhospitable Johnston Atoll, believed to be the site of a U.S. poison-gas depot, where even such minimum security risks as a former ambassador and the editor of the *National Review* were denied an overnight parking space.

Readers of Buckley's previous boating books should not be surprised that the author is still passionate about navigation. His ideological and intellectual excursions depend, after all, on precise readings and fixed positions. *Airborne* contains lucid and regaling explanations of piloting basics. In this third leg of what one hopes will become a longer publishing venture, Buckley clarifies the technical murk surrounding such navigational gadgetry as Loran-C, the satellite-assisted Global Positioning System and WhatStar, a computer program conceived by Buckley and Literary Critic Hugh Kenner. WhatNext?

—By R.Z. Sheppard

### Brittle Nell

THE LATE MRS. DOROTHY PARKER  
by Leslie Frewin  
Macmillan; 345 pages; \$22.95

When Dorothy Parker remarried her ex-husband Alan Campbell in 1950, she looked around during the reception and said, "People who haven't talked to each other in years are on speaking terms again today, including the bride and groom." A corrosive reviewer, Parker once slated a hapless author as a "writer for the ages. For the ages of four to eight." She could be equally cruel to her nearest and dearest. When Alexander Woollcott, a fellow jousting at the Algonquin Round Table, recalled an afternoon of book signing with the smug rhetorical question "What is so rare as a Woollcott first edition?", Parker replied deadpan, "A sec-

ond edition." Presumably it was the memory of such moments that prompted Woollcott to term her "so odd a combination of Little Nell and Lady Macbeth."

Parker, the first famous American woman humorist, probably inspired more awe—and more imitative bad manners—than any other female of her day. She remains one of the best-known brand names in literature, although nowadays hardly anyone reads her short stories, her flop plays, her mostly slight and bitchy journalism or more than a handful of her poems, most of which depend on the confectionery trick of concealing a goo of sentimental self-pity beneath a brittle crust.

Like most subjects of biographies, Parker would be considerably less interesting if she had led a happier life. The woman who had everything—appeal, style, brains, celebrity and that deadly



Campbell with Parker: heart of a lonely hunter

wit—also drank to excess for decades, repeatedly attempted suicide, spent her declining years in the noisome atmosphere generated by adamantly unhousebroken dogs, and was cremated in a party dress Gloria Vanderbilt had given her as an act of charity. Leslie Frewin's *The Late Mrs. Dorothy Parker* revisits this pith and pathos more grandiloquently but less methodically than John Keats' 1970 volume *You Might As Well Live*, on which Frewin substantially relies. Just how much is hard to tell, for the new book has neither footnotes nor a chapter-by-chapter list of sources, and its sense of chronology is, to put it politely, approximate. What Frewin adds is a culling of choice Parkeriana, a well-considered if clumsily executed effort to evoke the pop-culture context of her times and a brief, provocative assessment of her talents. Parker was, after all, the one person George Bernard Shaw asked to meet at a 1926 Riviera party full of glitterati. On being introduced to the pert, poised lady, Shaw cut to her tragic core as he turned and said wonderingly to Woollcott, "I'd always thought of her as an old maid."

—By William A. Henry III



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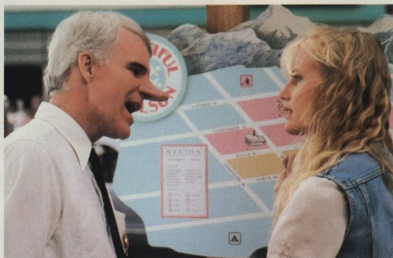


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## It's What's Video Hot.



## Cinema



Martin and Hannah: trying to turn palship into passion

### Lonely Guy Gets a Nose Job

ROXANNE Directed by Fred Schepisi  
Screenplay by Steve Martin

Nice looking fellow. Even features, crinkly eyes, a ready smile, muscles taut from gym work, autumnal hair with a fine early frost. He could be a cousin of his fellow Rocky Mountain resident Robert Redford. Then look closer and find a superhero's face as it might have been drawn by Wallace Wood for a *Mad* comic-book parody. The jawline, a shade too prominent, entertains the rumor of buffoonery. The smile is one of unwarranted self-assurance. His eye squint seems not to have registered that the world sees him differently: as a preening oaf. With every gesture he is screaming, Help! I'm a clown trapped in a leading man's body!

All these are signals sent out by Steve Martin, who is too smart and funny to be fit for a movie idol's straitjacket. He began, in the early 1970s, as a stand-up comic with an unusual persona: a guy determined against all odds—lack of charm or talent, for example—to be the life of the party. In his first movies too he made mock of his Waspy features by playing dimwits and cuckolds. Would he restrict himself to updating Jerry Lewis when he could be Cary Grant? Not at all. For with *Pennies from Heaven* Martin essayed nostalgic surrealism; in *The Lonely Guy* he was a mensch for all seasons; *All of Me* provided him a tour de force of physical comedy; his turn in *Little Shop of Horrors* boasted a wondrously manic concentration of energy. By now he was becoming the snazziest farceur, and maybe the most appealing movie comic, of the '80s. Now he had only to try a romantic lead, as if to say, I can do that. Too. Hence *Roxanne*.

C.D. Bales (Martin) runs the local vol-

unteer firehouse, manned by a septet of gentle stooges. One of these is the hunky, clunky Chris (Rick Rossovich), who is attracted to a pretty astronomer named Roxanne (Daryl Hannah). C.D. goes big for her as well but is inhibited by his amiable reserve—and by a nose that looks like a fairy-tale Nixon's after he'd told a lie. So C.D. agrees to become Chris' voice and soul, whispering the music of love for Chris to shout up to Roxanne's balcony... But you've heard this story before. It is *Cyrano de Bergerac* replanted in rural Washington State. Chivalric C.D. is no swordsman; he duels with tennis racket and walking stick. Rostand's purple poetry is replaced with C.D.'s Hallmarkian attempt to turn palship into passion: "Why should we sip from a teacup when we can drink from the river?"

Martin, who wrote the pretty-funny, too-soppy script, means to drink from the river this time. He wants it all: laughs, tears, low comedy, uplift. It doesn't quite happen, partly because the movie begs for poignance like an orphaned puppy, partly because modern plastic surgery makes the plot anachronistic, partly because, even with his *Cyrano*, C.D. is a darned sight more attractive than his beefy rival. Aaaahh, who cares, as long as Steve Martin gets a chance to strut his physical grace, wrap his mouth around clever dialogue, clamber up to rooftops like a Tarzan of the Northwest, give new life to the old-fashioned nobility of the love letter, and drink wine through his nose? "Party trick," he shrugs. It's a neat trick, being Steve Martin. He's so good; his movies will get even better. —By Richard Corliss

## Rushes

### HARRY AND THE HENDERSONS

George Henderson (John Lithgow), his wife Nancy (Melinda Dillon) and the kids, Sarah and Ernie, are out on a camping trip when—*Sasquatch!*—their car hits a large furry creature. Sure enough, it's Bigfoot, the legendary man-beast. And sure enough, Harry, as George dubs him, is one more cuddly pal from the Spielberg Toy Factory. He smiles and mews winsomely, presents Sarah with a bouquet, and sleeps in the Hendersons' living room with Ernie, a teddy bear and the family dog. As Harry might say, Uggghhh! Director and Co-Author William Dear, who helmed a funny segment of Spielberg's *Amazing Stories*, here apes his mentor and libels him. He has taken the *E.T.* formula and created its reductio ad nauseam.

### GARDENS OF STONE

Pity the boys who go to war; pity the men who can't. For Clell Hazard (James Caan), the Korean glory days are only medals and memories. Now it is 1968, and instead of preparing G.I.s for Viet Nam, he leads an honor guard at Arlington National Cemetery. All show, no go. But in Private First Class Jackie Willow (D.B. Sweeney), Clell can see a surrogate son and his best younger self. He knows Jackie will shine in war or go down in flames—an epitaph for Icarus. Alas, *Gardens of Stone* goes down in smoke; unlike other, more delicious failures by its director, Francis Coppola, the new picture goes not far enough. This requiem for a young man lost to war sleepwalks like a family mourner; it plays taps to its own best intentions.

### THE STEPFATHER

The all-American dad is a psychopathic murderer. In his suburban home, with his new wife (Shelley Hack) and stepdaughter (Jill Schoelen), Jerry Blake (Terry O'Quinn) exudes the righteous good cheer of another famous insurance salesman, Jim Anderson in *Father Knows Best*. He may even believe the myth he is peddling. But its weight crushes him, forces him to kill the thing he should love. By the end of this fine-handed thriller, the stairs leading from living room to bedroom are littered with bloody archetypes: mom at the bottom, stepdad at the top, daughter in between poised to destroy the black widower. Donald E. Westlake based his sleek script on the case of a New Jersey serial killer. Director Joseph Ruben brings his no-nonsense classicism to what could have been just another tabloid horror story. And Schoelen is the most appealing teen in recent movies. But the triumph is O'Quinn's. With his a-mite-too-wide smile, unctuous pieties and neatly calibrated spasms of rage, he creates a paradigm head of the postnuclear family: an evangelist of father love and blood lust. ■

# Show Business

## Broadway Birthday

George Abbott turns 100—  
Yes, 100!

Unaccustomed to such a hands-on director, the actors at Cleveland's Great Lakes Theater Festival were perplexed at first, afraid that the boss might stifle their creativity. "I should have heard those lines, and I didn't," was his constant complaint during rehearsals of *Broadway*, a melodrama he had first directed in 1926. But then they remembered the name behind that stern voice. "Hey," said one young actor, "this is George Abbott! We know it's going to work."

At that moment the Cleveland company became students in what has been called the George Abbott University, an institution whose graduates include Gene Kelly, Shirley MacLaine, Kirk Douglas, Gene Tierney, José Ferrer, Paul Muni, Van Johnson, Shirley Booth, Eddie Albert, Nancy Walker, Garson Kanin, Richard Widmark, Arlene Francis, Hal Prince...

Following those dots there should be a partial list of the 128 shows that Abbott has directed, produced, acted in or written, in whole or part: *On Your Toes*, *Pal Joey*, *On the Town*, *Where's Charley?*, *Call Me Madam*, *Wonderful Town*, *The Pajama Game*, *Damn Yankees*, *Fiorello!* and *A Funny Thing Happened on the Way to the Forum*.

The name George Abbott is, in short, almost synonymous with American theater, and it is altogether fitting that when he turns 100 later this month, the biggest names on Broadway will jam the Palace Theater to help him celebrate with songs and sketches from some of those landmark productions. How does it feel to turn 100? "Well," says that man of few but well-chosen words, "I'm getting a lot of mileage out of it."

In most of the big ways, the approach of the century mark has left him remarkably unaffected. True, he uses a hearing aid and walks with a cane, and a bad leg has forced him to give up dancing the rumba. But it is also true that he still golfs at his winter home in Miami Beach, swims at his summer home in New York's Catskill Mountains and, most important, has unquenchable energy and enthusiasm for his first love: the theater.

He made his debut on Broadway in 1913, acting in a comedy called *The Misleading Lady*. Other parts followed, but, itching to control the entire stage, he began writing and directing. For half a century after *Broadway*, his first big hit, he was the theater's leading show doctor, whose infallible diagnosis could make a bad play better and a good play terrific.



The master showing his actors how to do it in Cleveland

Some equate the Abbott touch with speed, a notion that horrifies Abbott, who deplores farces that look as if they had been directed with a stopwatch. What is important to him is keeping the action alive and eliminating anything that breaks the rhythm of the show. "Pace is a matter of taste," he says. "It means keeping the action alive. But that can be done with pauses as well as with picking up cues. It means not having any deadwood." Using that criterion, he discarded what even he thought was a good number from *Call Me Madam*: "Everything else will be an anticlimax." And out it went, over the protests of Composer Irving Berlin and Choreographer Jerome Robbins.

Nothing is wasted on an Abbott show. Rehearsals start on time, and there are no temper tantrums or displays of nerves from either the director or the actors. Legend has it that a Method-trained actor once yelled from the stage, "What's my

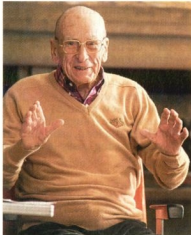
motivation?" to which Abbott responded, "Your job." He despises what he considers exaggerated interpretations. "If an actor puts his personality ahead of creating the character, then he's not an actor," he says. "He's just a performer."

In fact, he could do without stars, often preferring to work with unknowns. "Young people are excited and eager," he says. "They make me feel young." And no one is irreplaceable. "Oh, there are always plenty of people who can play a part," he says. "You think there aren't, but they're there if you look for them."

Abbott is a little embarrassed by the awe he inspires; even old friends are reluctant to call him by his first name. "It's like being knighted when you reach the stage where you can call him George," says Choreographer Donald Saddler, who has worked with him on many shows and now enjoys that privilege. A few weeks ago, Abbott extended the invitation to Gerald Freedman, artistic director of the Cleveland troupe. The dumbstruck Freedman—Sir Gerry now—could only respond, "I'll try, Mr. Abbott."

In his autobiography, *"Mister Abbott,"* he wrote lovingly about his first wife, who died in 1930 and with whom he had one daughter, and somewhat less lovingly about his second, from whom he was divorced in the '50s. Right now he is concentrating on No. 3, the bubbly Joy Valderama, 55, whom he married when he was a mere 96. In Florida, they are usually on the golf course or by a pool during the day and watch television at night. One of his favorite programs is *The Newlywed Game*, which, he says, gives him an insight into the lives of working-class Americans. He has a fond spot for his fruit trees—grapefruit, orange and papaya—and talks to them the way he might like to talk to his actors. "Goddam you!" he says. "Deliver!"

—By Gerald Clarke



His first love: the theater



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## Video

### Lights! Camera! Graduation!

*The VCR generation discovers a new twist on yearbooks*

**A**t 31, Sue Wilson would seem past the age for such high school rituals as pep rallies, homecoming dances and senior proms. But she spent a good deal of this past school year reliving rites like these at Parkway West High in suburban St. Louis. She attended the senior picnic, the homecoming parade and the annual King of Hearts dance, a Sadie Hawkins-style bash where the girls ask out the boys. And when 550 seniors got their diplomas at



**Hamming it up for posterity at Brown**

*No autographs, but hugs and tears on tape.*

graduation ceremonies last weekend, Wilson was there for all the speeches, hugs, cheers and tears.

Wilson's year at Parkway West was not just a *Back to the Future* nostalgia trip. Her constant companion was a video camera, and she is now assembling her footage into a 30- to 45-minute videotape for the class of '87. Parkway West is just one of a growing number of schools that have discovered a new twist on a venerable senior-year tradition: the video yearbook.

For members of the VCR generation, these video chronicles make an alluring supplement to the traditional hardbound yearbook. Some schools take a do-it-yourself approach; all that is needed is some video equipment and a few students willing to put in the time and effort. Others opt for outside video firms like Copy Cat Video, a St. Louis-based company that Wilson runs with her partner Claudia

Walters. Typically, such video entrepreneurs contract with students at the school to tape certain big events during the year, as well as scenes of everyday school life and, in some cases, individual student interviews. The footage is then edited down, usually to between 30 and 60 minutes, and offered for sale for around \$30 or \$40.

The quality of the video memoirs varies. Some have a home-movie amateurishness, with ill-lit camerawork, tinny musical interludes from the school band and interminable shots of students horsing around for the camera. Others strive for more professionalism, with rock songs on the sound track and TV news-style interviews. This year's video for Eastwood High School in Pemerville, Ohio, opens with an old woman rummaging through a trunk in her dusty attic. Inside she finds a forgotten videocassette, which she pops into a VCR. The tape, of course, turns out to be Eastwood High's 1986-87 video.

Perhaps the slickest of the new video yearbooks is produced by Year Look Enterprises of Durham, N.C. The company is the brainchild of Bob Levitan, 26, who made a video chronicle of the 1981-82 school year at Duke University while a student there. Though the tape was just a student project, dozens of people later asked if they could buy copies. Seeing a potential market, Levitan produced a 40-minute video yearbook the following year and sold 100 copies at \$45 each. His company now has a roster of 20 clients, including such universities as Princeton, Brown and Michigan. The tapes are fast-paced, smoothly edited overviews of the school year, with scenes of everything from basketball games to campus demonstrations.

Despite their growing popularity, video yearbooks are unlikely to replace the old-fashioned hardback volume. For one thing, there is no place for classmates to sign their names and scrawl wisecracking farewells. For another, says Taylor Heath, director of marketing for Alan Publishing, a leading yearbook publisher, "you can't freeze the same amount of time on a one-hour video as you can in a 250-page yearbook." Even the most successful video yearbooks are rarely bought by more than a quarter of the graduating students, compared with two-thirds or so who usually pick up the book version. Still, the converts in academia are enthusiastic. Frank Wiener, 66, who directs the TV program at Staples High School in Westport, Conn., pays video yearbooks the ultimate tribute: "I wish I had one from my high school."

—By Richard Zoglin  
Reported by Staci D. Kramer/St. Louis and William Tynan/New York

## People



Advisers Zaslow and Crowley

The fast-track careers of Novelists **Jay McInerney**, 31, and **Bret Easton Ellis**, 23, have intriguing parallels. McInerney's 1984 best-selling fictional debut, *Bright Lights, Big City*, chronicled the downward spiral of an unnamed young writer who delves into New York City's nightclub netherworld with the help of his fast-talking best friend, Tad Allagash. Next year Ellis' *Less than Zero* caused a publishing sensation with its stark portrayal of sybaritic youth in suburban Los Angeles. Both writers' books are currently being made into major motion pictures. And both writers are

slated to come out with new novels within the year. So did Ellis' plans to move to Gotham cause any uptightness between the two? Relax, man. "I got tired of people saying 'You must hate Bret Ellis,'" says McInerney, who decided to hold a party at Manhattan's Tunnel disco to welcome his friend to the city. "There's been no feud between Jay and me," confirms Ellis. "I'm actually a boring person. I work from 11 to 7, then at night Jay calls." And you thought Tad Allagash was a fictional character.

"It was 20 years ago today/ Sergeant Pepper taught the band to play." So begins the prescient title song of the Beatles' landmark album, *Sgt. Pepper's Lonely Hearts Club Band*. In London last week, **Paul McCartney** was back at Abbey Road Studios to pay homage to the 20th anniversary of a record that has sold 15 million copies and whose lyrics evoked comparisons with Tennyson and T.S. Eliot. EMI Records, for its part, celebrated the occasion by releasing the album on compact disc. As a group of well-wishers and Wife

**Linda** watched, McCartney cut a cake shaped like the drum on the album cover and listened to the music that for many epitomizes the spirit of the psychedelic '60s. "It still sounds fresh," remarked McCartney, 44. "Was it really 20 years ago that we made that record?" Then the pop legend spoke about his continuing commitment to "peace on earth, love and understanding between everyone around the world." Said he: "We have to keep our faith, keep pushing and hope we have better news to report 20 years from today." But to

make that happen, we are all going to need a little help from our friends.

The two pitchers had hoped to be together at the milestone moment. Alas, **Joe Niekro**, 42, was in New York last week when his brother **Phil**, 48, helped the Cleveland Indians beat the Detroit Tigers 9-6, thereby giving the duo a major-league record of 530 combined victories. Since May 23, when Joe pitched the New York Yankees to a 3-0 victory over California, the knuckleballing Niekros had shared the record for major-league victories by two brothers with **Gaylord and Jim Perry**, at 529. Phil's 314 wins match Gaylord's for eleventh place on the career list; Joe has 216 victories, one more than Jim. "I talked with Gaylord at a dinner this year, and he said, 'Thanks for keeping our names in the papers,'" says Joe, who got the big news from the flashing scoreboard at Yankee Stadium. "We don't think it's catchable," says Phil. "The odds of two brothers, first of all, getting to the big leagues, pitching a total of 45 years, being able to stay healthy and



The McCartneys: yesterday and today

## On the Road with the Carters

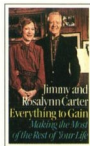
Their day began with a 6 a.m. jog, followed by breakfast, interviews with the press and a book-signing appearance. By afternoon they were on Manhattan's Lower East Side to announce a major housing initiative for the poor and visit an apartment house they helped rehabilitate two summers ago. Such a hectic schedule might tax a brace of yuppies but not **Jimmy and Rosalynn Carter**. Looking refreshed and relaxed last week as they sat together in their New York City hotel suite, Jimmy,

62, and Rosalynn, 59, are clearly exhilarated by all the fanfare for their new book, *Everything to Gain: Making the Most of the Rest of Your Life* (Random House; \$16.95). The day before, they had signed 1,000 copies at a Washington bookstore and had to stop for lack of time. The former President was elated. "You never know about Washington," he observed. "We didn't know if anybody would show up."

Part memoir, part self-help manual, *Everything to Gain* combines some rather obvious advice on how to stay healthy (do

not smoke, fasten seat belts, exercise regularly) with strikingly candid personal reflections. After the 1980 presidential defeat, Rosalynn reveals, she was reluctant to give up the dream that her husband might again run for President and win. Daughter **Amy**, then 12, announced that she did not want to live in Plains, Ga. "You may be from the country," she said. "But I'm not." (She went to boarding school instead.) On a lighter note, the Carters write that one of the "positive things about losing the election" was that they were able to let **Ronald Reagan** "inherit

Welcome fanfare: the Carters at book signing in Washington



Jimmy and Rosalynn Carter  
*Everything to Gain: Making the Most of the Rest of Your Life*

winning over 500 games, the odds are awful damn hard. There is no one else who can say they did that. It's a brotherly love type of thing."

When the Chicago *Sun-Times* announced a nationwide search to replace **Ann Landers** last February, *Wall Street Journal* Reporter **Jeffrey Zaslow**, 28, decided to get the inside scoop by becoming one of the 12,000 applicants. "I was looking for an angle," he recalls. Zaslow not only got the story, he got the job. Beginning July 1, the paper will feature not one but two successors to the nation's best-known advice columnist, who will continue to write her own column at the rival Chicago *Tribune*. The other lucky selectee is **Diane Crowley**, 47, a divorced lawyer with two children, whose late mother Ruth was "the original creator of the Ann Landers column," according to *Sun-Times* Publisher Robert Page. Crowley's law practice has given her "a lot of experience in solving problems for people," she notes. "I've done divorces. I've done adoptions..." Her column, called "Your Problems," is expected to dispense wisdom in the traditional vein, while Zaslow's "All That Zazz" will be, in his own words, more "off-the-wall." Says the soon-to-be married bachelor: "Some days I might just give unsolicited advice to the famous." Once a reporter, always a reporter.



Scarlett sequel? Seymour taking a break between passionate pursuits

By popular demand, it would seem, **Jane Seymour** has already won the part of Scarlett O'Hara in an upcoming sequel to the 1939 classic *Gone with the Wind*. The only trouble, reports the actress, "is that I haven't been approached by the people making the movie." This unflattering state of affairs came about when news-

papers in Britain and the U.S. simultaneously asked readers who would be their favorite choice to refill the role made famous by **Vivien Leigh**. Seymour won both polls hands down, and rumors began to fly. "People have been asking me about this for months," she complains. Instead of standing on tiptoe, Seymour has kept herself quite busy, thank you,

by globe-trotting from Japan, where she played host to a PBS documentary on the country, to Argentina and Spain, where she filmed *El Túnel* (The Tunnel) with Spanish Director **Antonio Drove**. "I played a woman obsessed with love," reports Seymour. Hmmm. Would "Frankly, my dear, I don't give a damn" sound more macho in Castilian? —**By Gay D. Garcia**

#### Menachem Begin and Sam Donaldson.

The genesis of *Everything to Gain* dates back to the dark winter of 1981, when the Carters were forced to cope not only with political disaster but also with a host of domestic crises. The family farm and peanut business, which had been in blind trust during his presidency, were mired in disarray and debt. The couple found themselves facing the bleak prospect of an unwanted retirement and uncertain future. "We think that the experiences that we had are the kind of things that happen to anybody," explains Jimmy. "We tried to relate what we did to what happens to a truck driver, or anybody."

Once the Carters began writing a year ago, they realized that co-authoring a book was no joke. Reports the former President: "It was the worst thing we ever tried to do together, and we will never do it again." Part of the trouble arose from their conflicting views of the same event. At one point, they report, the arguments became severe enough to threaten their 40-year marriage. "Once



Better days: at a renovated housing project in New York

I accused him of destroying my memories," Rosalynn recalls. Counters Jimmy: "If she wrote something, it was sacred, as though she received it from God on Mount Sinai, and nobody could modify a word of it." Eventually they settled on a compromise: each section is preceded by an initial J or R.

Today they can laugh easily at their time of literary turmoil. The intervening years and gained perspective have changed them in subtle ways: Jimmy looks older; Rosalynn seems more assertive. Both remain preoccupied with politics and humanitarian causes. They quietly support their daughter Amy's activism, defending her right to express herself. Nevertheless, scars from the past remain. In private, the couple refers to the 1980 election as "the tragedy." And Rosalynn still thinks history has treated them unfairly. Says she, with a trace of sadness: "I just think there are so many problems that I wish Jimmy had been there to take care of." —**By Gay D. Garcia**

Reported by David E. Thigpen/*New York*

## Essay

# Ambassadors from the Realm of Fairy Tale

**T**hey are, on the face of it, a rather conventional bunch, not greatly distinguished by sex appeal or intelligence or wit. Movie stars have glamour at least, and champion athletes grace. But what do the ruling Windsors of Britain have above and beyond their right to rule? This week, as Queen Elizabeth marks her official birthday, one may well feel justified in asking what divine right inheres in her—an almost powerless figurehead in a country now past its prime—to command the attention of the world, let alone its enthralled admiration?

The simple answer, of course, lies not in her person but in the position she occupies, the throne behind the power. Queen Elizabeth II need merely play her ceremonial part—Britain incarnate—as you or I might play King Henry V in some amateur theatrical. If Britons will die for Queen and country, they will surely live for them too; to inspire that devotion, the Queen need only be seen and not heard.

On a broader scale, royalty commands loyalty perhaps because monarchs are the last great icons of our secular age, the only larger-than-life figures who can still quicken belief while dwelling in mystery. If God is dead, long live the Queen! Their titles alone suggest that kings and princesses are ambassadors from the realm of fairy tale: Who ever heard of *Good President Wenceslaus* or *The Prime Minister and the Pea*? And if the very rich, as Hemingway said, are different from you and me, then the royals are different from the very rich, separated by some indefinable chasm from those who have merely money or power or fame. Japan's Emperor Hirohito is sometimes known as *Ohoribata* (the honorable personage across the moat).

Yet if royals must be somewhat extraordinary to win our faith, they must also be rather ordinary to hold our sympathy. Humanity is the one thing they can never abdicate. So it is that every king proverbially longs to see how the other half lives: the tiny Dalai Lama, installed as God-King of Tibet at the age of four, used to stand on the roof of his palace and wistfully gaze through a telescope at the other little boys playing in the streets of Lhasa; the British rulers faithfully follow the trials of everyday drudges on the local soap opera *Crossroads*. The screen that separates us from royals is, after all, a two-way illusion. When the Queen Mother decided once to drop in on a typical French bistro to dine in the company of ordinary folk, her security-conscious host promptly filled the place with policemen dressed up to look like ordinary folk.

In a sense, then, our monarchs are in fact our subjects, hostage to the dreams we wish them to enact. Axel, the war hero dreamed up by the French symbolist Villiers de L'Isle-Adam, famously suggested that he and his fellow aristocrats leave the messy business of living to their servants: these days, we would just as soon leave it to our monarchs. We demand of them, moreover, a double role: they must be godlike mortals, fallible gods. Upon peering into their closets, we wish not only to marvel at the gowns but also to revel in the skeletons that hang there.

Thus royalty is the plaything of public demand, obliged to sustain a fabulous soap opera that never ends and always, always

sparkles. "There is an argument for no Court," as Walter Bagehot, British royal watcher supreme, once wrote, "but not for a measly Court." Small wonder that the Windsors have begun to co-opt the media, taking them to be their consort in the global village and staging the highlights of their lives as made-for-TV spectacles, photo-ops on an epic scale. The magic of TV, after all, is to make its subjects special, even as it makes them human.

And part of the magic of royalty is to conceal just how much coordination ordination requires. Courtiers, couturiers and consultants from *Vogue* worked long and hard behind the scenes to transform a shy, slightly chubby teenager into Princess Diana, later voted the most famous and envied woman in the world. To those in the distant gallery, however, it seems that royalty alone achieved the miracle, with a nonchalant flick of its wand. Queen Elizabeth, the subject of her first biography before she was five, glides through her part so seamlessly that we hardly notice she has covered more miles than any other ruler in history.

And her immediate relatives are impeccably trained to make us forget the strange metaphysical pressures to which their roles entitle them: one prince whose ceremonial position is roughly two paces behind his wife, another who could spend more than half his life just waiting.

To recall how treacherous the tight-rope act can be, consider some of the other pretenders to the throne. The Grimaldis of Monaco have box-office glamour to spare. Thirty years ago, indeed, Prince Rainier, well aware that princesses can bring riches to a tiny state, sent out his advisers, as in some fairy tale, to secure him a Hollywood queen. Today, however, show biz has come back to haunt the royal house: Rainier's daughters are so relentlessly linked with movie stars' sons that they now seem little more than overexposed starlets themselves.

Other monarchs are more diffident about exploring the power within the throne. After 60 years as ruler, Hirohito still remains a silent, otherworldly presence, or absence, hidden in the very heart of Tokyo. The bicycle-riding monarchs of Scandinavia are apt to seem too close to us, and Jigme of Bhutan, ruling his Land of the Thunder Dragon high in the Himalayas, a little too remote. And the Kings of the Arab world—Hassan of Morocco and Hussein of Jordan—are so deeply entangled in politics that they owe their legends mostly to their gift for surviving attempts on their lives. It is a register of Queen Elizabeth's peculiar strength that loonies do not want to shoot her so much as steal into her bedroom for a chat.

In the end, then, the sovereign power of the Queen lies mostly in her glittering powerlessness. And the crowning paradox of her difficult position is that it is probably the envy of the more, as well as of the less, powerful. How happy Ronald Reagan might be—not to mention some other Americans—if he were allowed to reign without ruling, to forget about Congress and *contras* and controversies and simply concentrate on doing what he does so well: giving banquets, greeting Super Bowl champs and charming his people with rocking-chair stories. Not head of state, perhaps, but heart.

—By Pico Iyer



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